Commodity Stocks as Investments (Page 24)

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The Nation's Business

Pork Barrel Canal Scheme Is Mooted

Taxpayers Should Protest Strongly

Ontario Tories And Their Leader

Influences Behind The Scenes

Another Swindle For Taxpayers

EARLY this month the Minister of Finance increased the sales tax from 6 to 8 per cent and thus assessed an additional burden of $23 millions per year upon the consumers of Canada.

An extravagant and unwarranted pork barrel proposal now before Parliament threatens to sink that much money or more in a political ditch. Only lively public protest is likely to avert this swindle.

The proposal is to link Montreal to Albany via a canal. True, all that Parliament is now asked to do is to put up about half a million dollars for improvements to the Richelieu River. But this is merely the opening "touch." The politicians who are engineering this raid on the treasury have bigger plans in mind. They want the country committed to the canal scheme. Then the money will flow freely and, as it flows, party war chests can be filled again.

* * *

IT IS said that several members of the cabinet are fighting the canal scheme tooth and nail. This is not difficult to believe; for it is as daring and extravagant a piece of political piracy as has recently been attempted. It is worse than the Montreal Harbor Bridge. In that politically-manipulated enterprise, the taxpayers had to pay out millions more than the estimates called for, but it at least ended up as a bridge over which traffic could pass. The proposed canal promises to be little more than a ditch whose stagnant waters would smell as badly as the scandalous party toll-gates that would be established in its financing.

At this time economy in public affairs is not merely desirable; it is essential. Any scheme to waste the taxpayers' hard-wrung money to the extent of millions of dollars is criminal. Ministers who support such a scheme are unworthy to hold a place in any decent cabinet.

The Richelieu canal scheme may go through. It hangs in the balance of a divided cabinet. The political necessities of bare Quebec party treasuries and the economic burdens of a tax-weary public are the opposed elements in the fight which has divided the cabinet. The taxpayers cannot count on winning the dispute unless an informed public and aroused public opinion bring heavy pressure to bear upon Ottawa.

This is a political raid on the treasury, and it is intended as nothing more. Mr. King should stop it. After all, he is the general manager of Canada.

* * *

Behind the Scenes In the Tory Race

LAST week The Financial Post published a list of seven aspirants to the post of Conservative leader in Ontario and it added the names of three dark horses. Since then one of the seven has retired from the race and two new hopefuls have entered.

Some of the names are those of young, aggressive and very promising young men who have, unfortunately, had little experience in governmental administration. Others are names of hack politicians.

There is not much to be expected of the old-time politicians in Ontario because their records do not show them capable of vision, understanding or constructive action. If they are allowed to sway the result there can be only one end and that a bad one. Some day the citizens of Ontario will pay for it in losses to investors and in higher taxes, as they have done before. In the last analysis farmers and wage earners have to pay. They had better see to it that the leadership therefore is competent and statesmanlike.

The statesman aims at building prosperity and happiness in agriculture, commerce and industry. The so-called practical politician in all parties thinks only in terms of party profit, the creation of jobs for friends and in other advantages which profit favored individuals rather than the state.

This convention will be judged by its fruits in stated policy and in chosen leadership.

* * *

APART from the efforts of old-time ward politicians to perpetuate their influence there is another and even graver influence at work endeavoring to manipulate the convention. This is a group that has in the past been responsible for losses running into many millions of dollars — possibly even hundreds of millions — for Canadian investors. With local party associations running short of funds "outside money" may be a potent factor in determining who will lead the party. There are delegates' expenses to be looked after, literature to be printed, etc.

Throwing out the old discredited Tory machine to put in an even more sinister influence would represent no gain for the party nor for the people of Ontario.

Interest Upon Bank Deposits To Drop Again

Flow of Funds to Securities Hits Bank Earnings

SUGGEST 1½ PER CENT

A further cut of one half of one per cent in savings deposits interest rates by Canadian chartered banks is a possibility. Prominent bankers admit that reduction is being "talked about" and is definitely "under consideration." Despite rumors to the contrary, no decision has as yet been reached. If actually made, the cut will probably be effective June 1.

The piling up of bank deposits and the continued flow of these funds into investments rather than loans has had the effect of cutting still further into earnings. Return on high grade bonds has also dropped since the beginning of the year, with the yield on short term governments well under the two per cent paid on savings. Even long term, high grade government securities give an average yield of only 3.3 per cent at current prices.

If effected, the cut under consideration would halve the rate prevailing on personal savings, prior to May 1, 1933. At that date, the rate was cut to 2½ per cent and a further reduction to two per cent was found necessary in November, 1934. Last June interest paid on corporation savings accounts was reduced to one per cent.

One interest cut has already been effected this year, as interest on all current accounts was discontinued from Jan. 1.

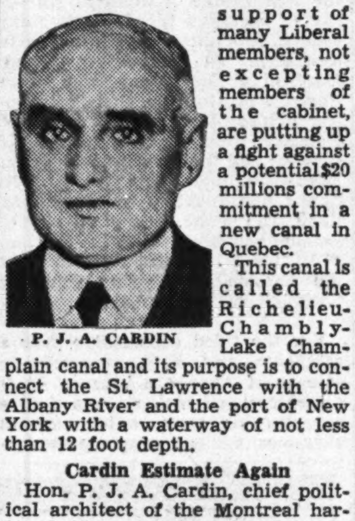
Cardin Behind Move To Grab $20 Millions For Canal in Quebec

Many Members Against Proposed "Touch" on Federal Treasury

IT'S AN OLD STORY

From Our Own Correspondent

OTTAWA.—Warned by the example of Montreal harbor bridge, a small group in the House of Commons, apparently with the active support of many Liberal members, not excepting members of the cabinet, are putting up a fight against a potential $20 millions commitment in a new canal in Quebec.



P. J. A. CARDIN

This canal is called the Richelieu-Chambly-Lake Champlain canal and its purpose is to connect the St. Lawrence with the Albany River and the port of New York with a waterway of not less than 12 foot depth.

Cardin Estimate Again

Hon. P. J. A. Cardin, chief political architect of the Montreal harbor bridge, notorious for the way in which preliminary estimates of costs were exceeded, is once again appearing in the rôle of political parent to this latest major waterway system. Mr. Cardin has spoken in the Commons in terms of a total outlay of some $8 millions. In the late twenties he spoke of the Montreal harbor bridge as a project which might set the taxpayers back $6 millions. Ultimately it cost nearly $20 millions and the references by members of parliament to the way in which it was carried out have been anything but savory.

Mr. Cardin—Quebec's little corporal—is minister of public works and, therefore, a key figure in expenditures on Dominion works. He is now edging parliament into a total commitment on behalf of a new canal, whose justification is a matter of hot controversy, placed by competent experts at nearly $20 millions. Mr. Cardin's opening "touch" on the public treasury is a mere $500,000, plus $122,000 voted for ordinary improvements to navigation in 1935.

Why the Hurry?

This Richelieu canal project is one of four projects all designed to connect the St. Lawrence system with Albany and New York. In the estimates is an item of $20,000 to defray the costs of expert investigation to be carried out by the International Joint Waterways Commission and the argument strongly advanced in parliament is this: Why not await the report of this body

(Continued on page 2, col. 4)

Immigration At New Low

From Our Own Correspondent

OTTAWA.—Immigration statistics for the fiscal year ended March 31, last, established a new low record for this country. Total immigration from all countries was 11,103, against 12,136 in 1935. In 1867 and 1868 the previous lows were registered—14,666 and 12,765 respectively.

Will Drop Export Tax On Liquor

Offset to U. S. Treasury Exaction Held Likely

LEGAL MENACE OVER

From Our Own Correspondent

OTTAWA. — Export duty of 25 cents a gallon on all Canadian liquor shipped out of the country will probably be abandoned in a short time.

No official confirmation of this policy can be secured at the moment but it is realized that no Canadian industry can hope to do well in an export business which is highly competitive if it has to pay an export duty.

The duty was first put on when United States was under dry laws. The business is now highly competitive and Canadian liquor can only get into the United States over a duty of $2.50 a gallon. This will be added to as a result of the settlements made by Canadian companies with the United States treasury and it is believed that the companies will have to pay an additional amount of about 20 cents a gallon to meet the amounts specified in the settlement.

Pay $3 Millions by 1938

Official details are lacking of the actual settlement made by the United States treasury in its claims against distillery companies for alleged non-payment of duties on whisky and other Canadian alcoholic products shipped into the United States during the dry era. One report mentions $20 millions as the total sum involved. Stories

(Continued on page 18)

Errington's Option On M'Leod Cockshutt Shows Million Coup

He Secures Options on 350,000 Shares at About 47 Cents Average

BEHIND THE BOOM

With the public placing a value of about $10.8 millions on a partially developed gold prospect, and over-subscribing new issues with almost panting eagerness, junior and secondary gold stocks throughout Canada have been behaving in a manner which is both the delight and despair of the street. Stocks which have for years been relegated to the penny class, find themselves, almost over night, in the rarified atmosphere of the senior issues. Properties with no ore blocked out and no mill, are given a much higher rating than many producing companies with several years ore ahead of the mill.

It is the sort of market which provides a Roman holiday for the market operator, with John Public usually playing the rôle of the Christian martyr.

In the vanguard of advancing prices are two stocks which have probably been talked about more in the past few weeks than any other mining issues, MacLeod Cockshutt Gold Mines, and its neighbor, Hard Rock Gold Mines, both in the Little Long Lac field of Ontario.

MacLeod Cockshutt's career, marketwise, can best be shown by the following table. The prices are those quoted in The Financial Post from week to week:

	Bid $	Asked $
Jan. 21	0.04	0.05
Jan. 28	0.04	0.05
Feb. 4	0.06½	0.08
Feb. 11	0.09	0.11
Feb. 18	0.09½	0.11
Feb. 25	0.11	0.12
March 3	0.11	0.12
March 10	0.09½	0.11
March 17	0.11	0.12
March 24	0.11	0.12
March 31	0.17	0.19
April 7	0.17	0.19
April 14	0.37	0.39
April 21	0.57	0.59
April 28	1.15	1.20
May 5	2.70	2.75
May 12	4.00	4.25
May 19	Listed at $4.00.	

On May 14, MacLeod Cockshutt was listed on the mining section of The Toronto Stock Exchange.

While this rise was under way, something was happening at the property, but of greater significance were the events happening at Toronto.

On April 17, The Financial Post is reliably informed, directors held a meeting at which an offer to take options on the stock was read from Joseph Errington, well-known Canadian market man and president of Little Long Lac Gold Mines. At this meeting, W. H. Connell, vice-president, and Alan Cockeram, secretary-treasurer of the company, took the stand that new financing was not necessary, and that if directors felt that it was, present shareholders should be given an opportunity to subscribe for additional shares. F. M. Connell, who, with his associates, had financed MacLeod Cockshutt since its inception, is understood to have offered whatever funds were necessary for additional diamond drilling. When this offer was made, MacLeod Cockshutt had cash and current assets of about $11,000, sufficient for an extensive drilling programme.

Messrs. F. G. MacLeod, Arthur Cockshutt, and J. M. Macintosh, however, voted to accept Errington's offer.

Not Registered Shareholder?

At the time the offer was made, Joseph Errington, The Financial Post is reliably informed, was not even a registered shareholder of the company, although he claimed to hold stock.

The terms of the agreement, The Post learns, were 100,000 shares at 5 cents per share firm; a further 100,000 shares at 40 cents per share in 60 days, and 150,000 shares at 60 cents four months from the signing of the agreement, on April 17. All these options have since been taken up in advance.

This makes a total of 350,000 shares, at an average price of about 47¼ cents per share. At present prices of around $4 per share, this stock would be "worth" $1.4 millions, and represents a possible if not actual profit of about $1,235,000 for Mr. Errington et al.

Quoted at 50-52 cents

On the day this agreement was signed, MacLeod Cockshutt stock was quoted on the unlisted section at 50 cents bid, 52 cents asked.

At that time, 4 drill holes had already been put down, and had indicated about 400 ft. of the high-grade ore.

Feeling that these options were unfair to shareholders, W. H. Connell, and Alan Cockeram resigned from the board of directors in protest. Their place has been taken by Joseph Errington and Major-General D. M. Hogarth.

Almost as soon as the Errington interests became interested in the property, the stock started to soar, as will be seen from the table above.

MacLeod has an authorized capitalization of three million shares of which 2,165,005 have been issued.

It is obvious that prices of between $4 and $5 per share for MacLeod Cockshutt are entirely unwarranted by property developments, unless one is extremely optimistic. On the property is an old shaft, down 150 ft. The present market enthusiasm, however, is based entirely on a series of 10 drill holes sunk to comparatively shallow depths, 100 ft. apart. At time of writing, 8 of these drills had indicated 800 ft. of continuous ore, grading from $6.21 to as high as $50 per ton, allegedly after removing spectacular assays.

There can be no question about it that the drilling has been sensational, and it is not for anyone to say that MacLeod, for years a disappointment, has not excellent chances of making a mine.

A comparison might help to view the situation in a sane light. At the time that MacLeod Cockshutt was selling at $5 per share, God's Lake Gold Mines, equipped with modern mill and machinery, and with over two years ore actually proven, was selling at under $1 per share. This places its market valuation at less than $3.5 millions. Similar cases of mis-proportion could be cited.

Much of the rise in MacLeod must be attributed to "background," as pointed out in a recent issue of The Post. There was first of all the budget, and its clause relieving new producers from corporate income tax for three years. Then the series of moves made by the federal government combined to indicate that something in the nature of a definite and helpful policy toward mining was being adopted in Ottawa. Thirdly, France appeared to be coming

(Continued on page 22)

Companies Act Parley Coming

Shortly after the present session of the Dominion Parliament is over an invitation will be issued from Ottawa to the various provincial governments for a conference with the object of devising Companies Act legislation which will create uniform and enlightened laws regarding corporations all over Canada.

It is hoped by this means to avoid all the conflicts of jurisdiction which in the past have made it difficult for governments to exercise adequate supervision over corporations. There are striking differences in the laws of the various provinces and it is known that there are conflicting ideas as to what form of legislation should be adopted.

It is probable two representatives of each province will be chosen for the conference. The chief law officer for each attorney-general and the Securities Commissioner or registrar are the two likely appointees in each case.

United Steel Stock Retires Then Returns

Class B Preference Back in Balance Sheet After Year's Absence

EXPLAIN RE-ISSUE

Disappearance in 1934 and reappearance in 1935 of class B "redeemable" preferred shares in the balance sheet of United Steel Corp., Toronto, have aroused some curiosity among shareholders. The company is not to be confused with United States Steel Corp.

The Financial Post understands that the class B preferred was originally issued to provide funds for a deal that failed to materialize, whereupon the shares were redeemed. However, the company retained the right to call upon the subscribers to take up class B preferred again. In 1935, it exercised this right by asking for subscription of $235,000 for 2,500 class B shares. It has another year in which the remaining 2,500 shares can be issued for another $235,000.

United Steel was formed in 1933 to acquire Dodge Manufacturing Co. and in 1934 acquired control of Standard Steel Construction Co. Class A preferred and common shares of United Steel were given in exchange for shares of the Dodge and Standard companies.

Balance Sheet Changes

First published balance sheet of United Steel Corp. was in an offer to shareholders of Dodge Manufacturing Co. It shows assets of $500,000 cash and as liabilities only $470,000 of class B preferred stock and $30,000 representing 150,000 shares of United Steel Corp. common stock.

In its second balance sheet, dated Jan. 31, 1934, United Steel Corp. still showed $470,000 of B preferred outstanding. Its current assets included $500,000 in cash and net working capital was $748,003.

The balance sheet at Dec. 31 1934, shows no class B preferred outstanding at all. Cash had dropped to $67,556, and net working capital was $301,306, a shrinkage of over $440,000.

Partial Reappearance

The balance sheet as at Dec. 31, 1935, recently released, shows $235,000 of class B preferred stock outstanding. Cash stood at $270,034, an increase of over $200,000 in 1935. Working capital in 1935 was $548,815 compared with $301,306 in 1934, an increase of some $247,000.

It is noticeable that changes in working capital and cash appear related to the disappearance and partial reappearance in the balance sheet of class B preferred shares.

Appearance Favorable

The liquid position of United Steel Corp. has appeared extremely favorable when the class B preferred shares are outstanding and cash substantial.

The annual meeting is to be held at Toronto, at 12 noon on Saturday, May 23.

Officers of the company are T. J. Dillon, president, New York, and Salter Hayden, K.C., secretary-treasurer, Toronto. P. R. Gardiner of the Toronto Stock Exchange firm of Gardiner, Wardrop & Co. was president in 1933 but T. J. Dillon succeeded him in 1933. Mr. Gardiner does not now appear as a director. The common shares are listed on the Toronto and Montreal Stock Exchanges.

Pogue Carbureter Draws Herridge

He's Mentioned as Director of Winnipeg Company

Pogue Carbureter Co. Limited, Winnipeg, has been incorporated under the Dominion Companies Act, 1934, as a private company. Letters patent were issued at Ottawa, May 13, 1936.

The company is incorporated by the sponsors of the Pogue carbureter which is reported to give 200 miles to the gallon of gasoline.

Directors are: Charles Nelson Pogue, inventor, and William James Holmes, contractor, both of Winnipeg; William Duncan Herridge, Ernest Gordon Gowling and Duncan Kenneth McTavish, all barristers and all of Ottawa. Mr. Herridge was formerly Canadian Minister at Washington.

Capital of the company is 500,000 common shares of no par value. It may be issued for consideration not exceeding $5 millions.

The purposes of incorporation are stated to be: "To manufacture, produce, assemble, install, construct, import, export, buy, sell, lease, hire and deal in carbureters and accessories for automobiles and internal combustion engines."

B. A. Oil Brings In Three Additional Wells

British American Oil Co. has brought in three more wells in the Oklahoma City field: Burnham No. 1 with a potential of 7,683 barrels and an allowable of 653 barrels; Burnham No. 2 with a potential of 14,802 barrels and an allowable of 1,258 barrels; and Alta Vista No. 2 with a potential of 16,872 barrels and an allowable of 1,424 barrels. The total allowable output for the 17 wells brought in by the company has been reduced from 10 to 8.5 per cent.

There are 21 more wells being drilled and the company is hopeful about them as Burnham No. 1 is the most easterly yet drilled in relation to the fault line. It is considered as increasing the chances for good production from other wells.

Unemployment Relief Costs $609,158,000 in Six Years

Relief costs in Canada for the six years ended March 31, 1936, amounted to the huge total of $609,158,000, The Financial Post estimates. This figure includes direct relief, public works expenditures and payment of losses on Canadian government wheat operations.

In 1935-36, relief costs reached the alarming figure of $172 millions. Expenditures on the part of the Dominion government alone were in excess of $100 millions in 1935-36, an increase of over $40 millions from the previous year. Public works undertaken by the government prior to the election and losses on wheat operations were mainly responsible for this increase. The latter is not entirely a charge upon 1935-36 accounts since it represents losses over a period of five years.

RELIEF EXPENDITURES IN CANADA
Years Ended March 31
Dominion Government Expenditures
(In thousands of dollars)

Statutes:	1936 $	1935 $	1934 $	1933 $	1932 $	1931 $	Totals $
1930	24	3	4	548	13,190	4,432	18,201
1931	24	52	564	17,048	25,106	......	42,794
1932	105	399	6,948	19,125	......	......	26,577
1933	491	2,420	28,382	......	......	......	31,293
1934	1,121	49,114	......	......	......	......	50,235
1935	47,704	......	......	......	......	......	47,704
Public works	30,232	8,673	......	......	......	......	38,905
Wheat bonus	22,630	......	......	1,811	10,908	......	35,549
Totals	102,331	60,661	35,898	38,532	49,204	4,432	291,258
‡Provincial and Municipal Expenditures							
Provincial	37,000	35,000	32,800	31,700	33,300	4,400	174,200
Municipal	33,000	30,000	27,100	25,400	25,300	2,900	143,700
Totals	70,000	65,000	59,900	57,100	58,600	7,300	317,900
Grand totals	172,331	125,000	95,798	95,632	107,804	11,732	609,158

‡Estimates by The Financial Post.

New Farming Vistas Opened by Chemurgy

Scientists Link Industry With Agriculture at Detroit

OATS AND ALCOHOL

By KENNETH R. WILSON

NEARLY a thousand people from all parts of the United States and many from Canada gathered at Detroit last week to find the answer to the query—"What's new in Chemurgy?"

Probably half the visitors could not have told you what "chemurgy" meant if you had asked them. Still fewer could correctly pronounce this newcomer (kem-urgy) into English speech which will probably be as well known to tomorrow's schoolboys as the word automobile is today.

About the simplest definition of chemurgy seems to be "chemistry at work" and since the Detroit conference was devoted to farm chemurgy, the major discussions centred round putting "farm" chemistry at work in industrial uses. Or, to use the conference theme song—"to advance the industrial use of American farm products through applied science."

Using Farm Surplus

At an opening session, Henry Ford's W. J. Cameron even hailed these new applications of chemistry as marking the "submergence of the industrial revolution by the chemical revolution." The chemurgist's answer to the farm surplus problem (said Mr. Cameron) is: "Use it." The politician's answer is: "Waste it."

"I think you are on the right track because the professional saviours of the farmer don't seem to be interested in your programme," he added.

Farm Chemurgic Council was initially a Ford-sponsored group with

(Continued on page 18)

Canada Will Benefit by Diversion of Big U. S. Acreage

INDUSTRIAL CROPS

By GORDON L. SMITH

UNITED STATES agriculture took stock last week of its progress in developing new industrial uses for farm products. From all over the country leaders in agriculture, science, and industry gathered at Detroit for the second Dearborn conference under the sponsorship of the Farm Chemurgic Council and the Chemical Foundation.

Delegates heard of corn being turned into power alcohol, wood into plastics, soy beans into glue, oil paints, and a score of other products, oat waste into plastics and cosmetics, tung nuts into waterproof paints.

These were actual accomplishments, and in the opinion of most of the speakers represented only a small forerunner of greater possibilities in the immediate future.

Canada's Interest

All very interesting, the average man will admit, but of what value to Canada?

Most of these new products are grown in the southern states, or else in the mid-west. Tung nuts, for instance, come from around the Gulf of Mexico. Even soy beans are still confined to very limited place in Canada.

But—and it is still a very big but—Canada is vitally affected by the crops that will be eventually replaced by the new introductions. This explains the close interest of Canadian observers at the recent conference, and the presence there of Dean A. M. Shaw of the Canadian Wheat Board, D. A. MacGibbon of Board of Grain Commissioners, and Dr. G. I. Christie, president, Ontario Agricultural College.

Authorities admitted quite freely that there was little hope of Canadian farmers going in for these new crops in a large way, at least not for many years, but they did expect that such would gradually replace much American wheat and corn and thus relieve pressure on the international grain markets of the world.

Indirect Concern

Indirectly, Canada has a vital interest in anything that may be substituted for wheat or competitive crops such as corn, oats, and barley in any part of the world, and particularly, where the substitutes are completely taken out of the ordinary agricultural field and turned into domestic industrial channels.

Pamphlets distributed at the Dear-

(Continued on page 18)

Report Rogers Manager Of London & Lancashire

It is reported that Arthur Rogers has been appointed general manager of the London and Lancashire Insurance Co. to succeed Charles Hendry, who is retiring this summer. Other changes include appointment of Thomas Wallis as deputy general manager and F. J. Cottle foreign manager of the Law, Union and Rock.

Highlights

Silver Dollars

Tons of over-sized Canadian coins are rolling into British Columbia from eastern provinces. Page 23

Tory Contenders

Col. George Drew and Mayor Frost of Lindsay enter the lists for Ontario leadership. Page 3

Commodity Prospects

Healthier conditions in Canadian commodity markets can be reflected in investment security values and income returns over the next five years. Page 24

Money and Credit

Bankers create neither one nor the other, says Sir Norman Angell in a further article in the series, "The Money Mystery." Page 12

French Canada

French-speaking Canadian market represents huge domestic outlet for raw materials and manufactured products. Special section reviewing the position and prospects for business in French-Canadian areas of Canada. Pages 13 to 17

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Anonymous Pamphlet Strikes at Dunning

From Our Own Correspondent

OTTAWA. — An anonymous attack on Hon. Charles A. Dunning in the form of an expensive leaflet is in circulation. Scores of copies have been delivered through the mails to members and officials at Ottawa and many other copies of the document have found their way to editorial waste-baskets throughout Canada.

Mr. Dunning is attacked as a satellite (along with the chartered banks) of Sir Edward Beatty, also as the willing servant used by corporation and financial interests to rule Canada—greatly to the disadvantage of the common people.

The leaflet is printed on thick, glossy calendered paper, in 2 colors, and illustrated by a cartoon. In the cartoon a three funnel ship "Canada," presumably with Mr. Dunning at the wheel, is wallowing in heavy seas, drifting for rocks labelled, "Greed of the Few."

The overlines of the cartoon are: "Is Dunning Disrupting Confederation?" by "The Unknown (returned) Soldier."

The underlines are: "Adrift without sufficient fuel (business-money and credit) will it break up on the rocks?"

Alberta Prominent

The reading matter is devoted largely to severe criticism of Mr. Dunning for not agreeing to back Premier Aberhart of Alberta with a Dominion guarantee of the debt of that province. Confederation will be disrupted, it is declared, by Alberta withdrawing from the Dominion.

In contrast to Mr. Dunning's "cold shouldering" of the Sunny Province, the leaflet calls attention to the treatment extended by the government to the C.P.R., whose debt was guaranteed to the extent of $60 millions. The pamphlet fails to record that the C.P.R. has paid off this debt without any loss to the treasury.

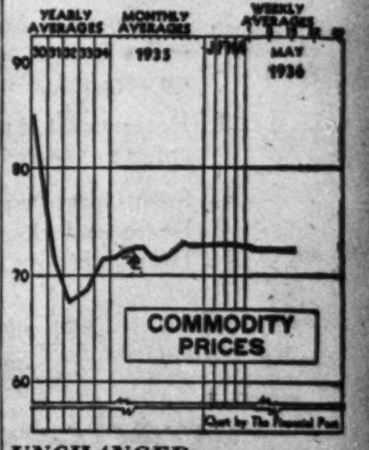
The general view on parliament hill is that the leaflet is the work of a member or a group of members of parliament. The document itself gives no clue to authorship, not even having the name of the printer on it. It is said to be the most expensive adventure in anonymous pamphleteering in many years.

Insurance Sales Gain 4 Per Cent

Sales of new ordinary life insurance in April though seasonally lower than in March, were over 4 per cent above corresponding figures of last year according to Sales Research Bureau compilations.

The only items in the week's figures to fall below corresponding items of last year were building permits and cattle sales.

		—Change— From prev. period %	—Change— From prev. year %
Monthly:	April		
Bldg. permits	$3,163,336	+34	—40
Newsprint prod., tons	258,721	+10	+16
Imports	$42,320,032	—19	+15
Exports	$57,963,193	—20	+20
Plank & bd. exp., M. ft.	107,949	+24	+69
Newsprint exp., tons	192,893	—48	+21
Insurance sales	$30,147,000	— 5	+ 4
Weekly:			
Car loadings, No.	45,144	— 9	+18
Cattle sales, No.	14,999	—16	— 5
Hog sales, No.	16,818	— 6	+ 8



UNCHANGED

Wholesale commodity prices were unchanged at 71.9 in the week ended May 15, according to the index compiled by the Dominion Bureau of Statistics.

Be COOL
in a new
PALM BEACH SUIT

$22.50
TWO-PIECE

See the
New 1936 Styles!

Just in! A really splendid range of popular styles in the genuine Palm Beach Suits. Single and double breasted models, with plain backs as well as different types of pleated sports backs. Some with fancy patch pockets.

The colours Plain White and cream as well as darker shades of greys, blues, browns, fawns, and smart patterned effects.

The materials The same genuine Palm Beach Cloth made by Goodall, from selected grades of wool and cotton yarns. Light and cool! Man! You just want to slip one of these suits on to see how really cool and comfortable a Palm Beach Suit can be! Sizes 35 to 46.

These suits may be purchased on Eaton's-Budget Plan.

SECOND FLOOR—JAMES ST.
Also Obtainable at Eaton's-College Street.
THE T. EATON Co LIMITED

Brantford Roofing Co. To Pay Interest June 29

Brantford Roofing Co. is taking advantage of a clause in the bond mortgage permitting deferment of interest for 60 days in connection with the interest due May 1, 1936. Coupons may be presented for payment on June 29.

Charles M. Thompson, secretary and managing director, explains in a letter to bondholders that the 60-day delay is "for the purpose of conserving working capital so that the advantage of increased volume of business can be taken."

Col. W. C. Brooks has been made president of the company succeeding W. D. Schultz, and A. T. Hitchon has succeeded W. F. Cockshutt as vice-president. D. L. Adams has been added to the board in place of W. T. Henderson.

Obituary

Hiram Spooner, one of the original directors of Spooner Oils Ltd., and long prominent in western Canadian oil business circles. He died in Calgary.

John Thomas Wilkinson, veteran Vancouver insurance man and world traveller, in Vancouver. He was 73.

H. Gerin-Lajoie, K.C., former president of the Banque Provinciale du Canada. He was 77.

Creditors Meet May 27

Meeting of creditors of Kirkham Scanlon & Co., Toronto mining brokerage firm, has been ordered for May 27 at Osgoode Hall.

The firm made an assignment in bankruptcy on May 6, following its suspension by Ontario Securities Commissioner, J. M. Godfrey. Creditors listed include 43 brokers, one of them for $53,510.

Employers—
Here's a Problem to be Solved

What are you going to do for old and faithful Employees when they are unable to work efficiently?

This problem is being faced and solved by employers of from ten to over a thousand people by means of Co-operative Group Insurance, as planned by the Confederation Life Association.

The Confederation Plan provides sound and economical means of purchasing, upon a group basis, by means of mutual contributions, protection against the hazards of death, temporary disability and old age:

1. Life Insurance Benefit—Protecting the employee's family.
2. Sickness and Accident Insurance Benefit—An income to the employee disabled on account of sickness or accident.
3. Retirement Annuity Benefit—An income to the employee on retirement.
4. Supplementary Benefits—Accidental Death and Dismemberment Insurance; Hospitalization Benefits.

If you are, or may be interested, write and we will furnish full particulars.

Confederation Life
Association
Head Office *Group Division* Toronto

Tiny Loophole Left to G.T.R. Shareholders

Case Looks Hopeless in Face of Privy Council Decisions

OTTAWA SITS TIGHT

From Our Own Correspondent

OTTAWA.—While the future course of the Grand Trunk litigation is impossible to forecast, the real significance of the Privy Council judgment recently in the Lovibond appeal, is believed at Ottawa to be this: that the junior shareholders may now be able to directly challenge the validity of the Grand Trunk Acquisition Act.

This acquisition has been the purpose of some 16 years controversy.

Government Won't Give Up

From the legal point of view, the stake at issue is very great. If the junior shareholders can upset the acquisition proceedings it would follow that they own the Grand Trunk Railway, not the Dominion. As this railway is an integral part of the National system it is impossible that the Dominion will ever surrender it. The net result of final victory on the part of the shareholders, therefore, would be a new settlement, not the dismemberment of the National railways. What the cost would be nobody at Ottawa cares to guess. It is recalled, however, that the Taft minority report in the Cassels, White, Taft arbitration board proceedings, awarded them $40 millions. The majority report declared these stocks to be without value.

When the Grand Trunk Railway became insolvent in the late war years and in 1920 the Dominion took it over. The question of what money, if any, should be paid to the Grand Trunk bondholders and shareholders was submitted to arbitration.

Bondholders Paid in Full

The bondholders received a hundred cents on the dollar but the preference and common shares were ruled to be without value. At the time this settlement went through, these junior shareholders said little if anything by way of protest but later on they started an agitation for terms.

When the settlement was arranged it was confirmed at Ottawa by the Grand Trunk Acquisition Act, which vested all the preference and common shares of the Grand Trunk in the Dominion government.

The fight, over the years, has been to upset this statute and many and various expedients to this end have been tried. The shareholders have argued in courts that their shares were private property, existing in London, Eng., and therefore beyond the jurisdiction of Parliament. They have argued, also, that as property, these shares were within provincial rather than Dominion jurisdiction.

The rulings of the courts have invariably been that as the Dominion is now the possessor of these shares and the party from whom additional money must come, the shareholders must have permission of the Dominion government to sue for damages or recovery of their property. The Dominion has consistently refused a fiat. The last occasion was in 1929.

Won't Grant Fiat

It is learned officially that the Dominion's attitude in this respect has not changed. No fiat will be granted. The Dominion feels that the settlement of 1920-21 was just; that Ottawa paid plenty for the Grand Trunk (and has spent plenty on it since the acquisition).

This was the status of the dispute when George Lovibond, a holder of some of the junior shares, launched a three-barrelled action in the Ontario courts. He asked the courts to declare the Grand Trunk Acquisition Act ultra vires and to quash all proceedings taken under it; he asked that his name be restored to the stock register of the Grand Trunk as a shareholder and owner; he asked that he be awarded damages to be paid either by the Grand Trunk Railway or the National railways for the unlawful removal of his name from the stock register.

The Ontario Appeal Court threw out all three actions whereupon he appealed to the Privy Council.

Loses Two in Three

The Privy Council sustained past decisions on the first two points. Mr. Lovibond cannot attack the validity of the Grand Trunk Acquisition Act directly without a fiat from the Dominion government, owners of this porperty. A fiat is also necessary to have his name restored to the stock register — because this stock is now owned by the Dominion and, in effect, the claim is against the crown.

In both these cases, the decision and the costs are against Mr. Lovibond.

But on the third point the Privy Council decided in his favor. He is entitled to proceed with his action for damages against the Grand Trunk or the National railways. The Privy Council pointed out that before he could take suit against the Grand Trunk he must first find it, in a legal sense.

As the Grand Trunk disappeared as a private corporate entity when the Dominion took it over, Mr. Lovibond, it is thought, will have great difficulty locating any legal entity against which he can launch a damage action. But when the Dominion turned the railway over to the National, a clause was inserted in the agreement making the National responsible for all the debts and liabilities of the Grand Trunk. Why such a clause was inserted, nobody on Parliament Hill pretends to know. This clause, however, may well enable the damage action to be directed successfully against the National. This it is believed will be the next move of the junior shareholders.

The damage action will be based on the contention that these shareholders were illegally deprived of their shares and this is the way in which the validity of the Grand Trunk Acquisition Act will be brought before the courts. Provided these junior shareholders have sufficient money to pay their costs to date and finance a new action, it is fairly obvious they can achieve their ambition of attacking the basic statute upon which public ownership of the Grand Trunk rests.

The Dominion will fight this suit every inch of the way.

Government's Position Stronger

But if the junior shareholders upset the statute, the Dominion will still have plenty of cards in the game. Parliament will be called upon to repair any damages inflicted. And in this respect, it is pointed out that Parliament's jurisdiction is much greater now (under the Act of Westminster) than it was when the Grand Trunk was acquired.

What the junior shareholders are up against, in reality, is the Parliament of Canada—not a statute. As fast as these shareholders find holes in the Acquisition Act, Parliament will endeavor to plug them by amendments. Only if they can beat Parliament itself, can they hope to compel the government to surrender, not the Grand Trunk, but more money.

Obviously several years will be required to fight the case to the finish. At Ottawa, hopes are held that the shareholders will realize the difficulties of their position and abandon the contest. In view of the Privy Council judgment, however, these hopes are unlikely to be fulfilled.

C. N. R. Opposes New C.P.R. Line

From Our Own Correspondent

MONTREAL.—Instructions have been given by the Dominion Government to the Canadian National Railways to oppose the charter being sought at Quebec by a subsidiary of the Canadian Pacific Railway covering construction of a line in Northwestern Quebec on the grounds that "this alleged invasion of C.N.R. territory" might be construed as a violation of the Canadian Pacific-Canadian National Act providing for co-operative savings.

It is charged that the projected line into the mineralized region of Northern Quebec is an invasion into territory pioneered and developed by the National Transcontinental Line. The C.P.R. is seeking a charter for its subsidiary, the Temiscamingue and Abitibi Railway, to cover construction of a line from south of Noranda, through Noranda to Lake Chibougamau.

In opposing the charter the Canadian National will take the stand that the granting of it would bring a third railway into Noranda and Rouyn, opened up by the Canadian National, and now served by the T. and N. O. as well as by the Canadian National, and that it would parallel for a considerable distance the National Transcontinental railway.

CARDIN BEHIND MOVE OF $20 MILLION GRAB FOR CANAL IN QUEBEC

(Continued from page 1)

before committing the country to a $20 millions outlay? True, Mr. Cardin has given an unofficial estimate for the Richelieu project, which runs through the constituency he represents, of about $8,000,000. But Mr. Cardin, as the record proves, would never qualify for cabinet rank as an estimator.

The proposition to construct a canal system linking the St. Lawrence with Lake Champlain has been kicking around the marine department for more than 25 years. At no time has the proposal been given serious consideration; no previous government regarded it as economically sound. To the extent that it carried traffic when built, it must injure existing Canadian transportation channels. Mr. Cardin has taken up these plans and, apparently unwilling to wait for the Joint Commission's finding, is eager to commit the country to a very large expenditure.

Cabinet Bucks Him

It is an open secret at Ottawa that Mr. Cardin met with stubborn opposition in cabinet and is under fire from his own party. The vote in the estimates, however, proves that he has commanded a majority in both quarters.

At the moment, the vote for $500,000 to be spent on the Richelieu Rivers has been before the Commons and condemned by Rt. Hon. R. B. Bennett and the Conservative party. It was not approved, but was held over for further consideration. Failing a manifestation of popular disapproval in the country, Mr. Cardin is regarded as certain to force the estimate through.

The four projects to be studied by the Joint Commission are of importance to St. Lawrence ports and existing transportation companies.

The first proposal is to build a 12 foot deep canal from Lake Champlain to Lake St. Louis, west of Montreal on the St. Lawrence River.

The second is to build a canal from St. Johns, on the Richelieu River just north of the outlet into the Richelieu River, to Laprairie, a few miles west of Montreal.

The third is to build a canal from Chambly, still further north on the Richelieu River to Laprairie.

What He Favors

The fourth is to use the Richelieu River all the way from Lake Champlain to the St. Lawrence. This is the project which Mr. Cardin favors and which he now proposes to spend $500,000 upon.

Lake Champlain is almost entirely in Canadian territory. Only the southern end of the lake is in the U. S. From this southern end the New York state barge canal runs to the Hudson River. Once a 12 foot deep canal has been built between the lake and the St. Lawrence, navigation to this depth will be open over the whole route.

The old Chambly canal, paralleled the Richelieu River for part of its course (running along the west side of the river) between Sorel, at the outlet to the St. Lawrence and Lake Champlain. The canal is an ancient affair with a depth of 5½ to 6 feet. It will now be modernized, broadened and deepened. The river, on the stretches not paralleled by the canal, will be dredged and improved. A dam will be built to control flow of water.

"Brain Trust" In B.C. Found Slowly Dying

Starts With Blare of Trumpets, Ends in Lone Peep

"ONE-MAN SHOW"

From Our Own Correspondent

VANCOUVER.—Premier Pattullo's "brain trust," of which so many important things were expected in the early days of the present régime in British Columbia, has been a virtually moribund body for several months. In a few weeks it will probably be extinct.

Prof. W. A. Carrothers, chief "brain truster" or chairman of the economic council, to give him his official designation, has been active, but the other members of the council, most of them men of affairs busy with their private interests, have taken their council duties lightly, and one reason for this attitude is probably due to the fact that on only a very few occasions have they been summoned for consultation. Almost ever since its creation the Pattullo brain trust has been a one-man show, with the professor in the stellar rôle.

Copied From U. S.

When Mr. Pattullo was campaigning in the election of 1933 the Roosevelt New Deal was capturing headlines everywhere, and the idea of a "brain trust" patterned roughly along the lines of the group headed by Prof. Raymond Moley, Prof. Rexford Tugwell and the rest of the Harvard group, appealed to the B.C. Liberal leader as smart politics as well as a proposal of considerable utilitarian value. The council was to act as an advisory board to the provincial government, especially on economic, industrial and commercial matters.

The first orders issued to the economic council were to find a means of reducing unemployment. This proved too big an order and it was decided to deal with the issue piecemeal by tackling a few of the contributory factors individually. The coal industry, for instance, came in for extensive enquiry, almost exclusively by Prof. Carrothers, however.

Then Prof. Carrothers busied himself on the tariff question and drew up an exhaustive report for the government supporting the contention that British Columbia could not expect to keep her head above water financially so long as she continued to find markets for her primary industries such as lumber, minerals, fish, in the unprotected world trade arena while she bought most of her goods in the eastern provinces.

Back to His Classes

Dr. Carrothers will return to the faculty of the University of British Columbia next fall, his leave of absence expiring then. But he will continue to act as technical advisor to the government.

During the recent session of the legislature the economic council was the butt of several facetious references.

When originally appointed, the council consisted of Dr. Carrothers, chairman; T. W. Bingay, of Consolidated Mining & Smelting Company; J. B. Leyland, municipal authority; T. E. French, J. H. Lawson, lawyer; J. O. Nicholls, mining man; J. G. Robson, lumberman, and Dr. H. C. Wrinch, former members of the legislature for the Skeena.

All but Dr. Carrothers, Mr. Nicholls and Dr. Wrinch have already resigned.

What's What In Advertising

By TORY FLEMING
Editor, Canadian Advertising

Formally organized last week, the Ottawa Advertising Club is now under way. G. Douglas Scott of the E. B. Eddy Co., Hull, was elected president.

* * *

Max Foster, Montreal manager of Consolidated Press Ltd. was taken suddenly by death May 14 as the result of a heart attack.

* * *

Among the many advertisers taking advantage of the opportunity to tie in with the Queen Mary's maiden voyage, the Venus Pencil Co. makes the big liner its copy theme in week-end and financial papers on May 30. A list of dailies across the country will also tell "how Britain's masterpiece was started with a pencil," in issues of June 1.

* * *

Appointment of Arthur G. White as account executive is announced by the Toronto office of McConnell, Baxter and Eastman advertising agency. He was previously Montreal manager for Liberty in Canada.

* * *

Several hundred advertising men, members of ad. clubs in Canadian and United States cities, gathered in London, Ont., on May 15 and 16 for the 33rd annual convention of the Advertising Affiliation. An array of speakers filled the two-day session, providing much informative discussion on advertising topics. Headlining the programme were Beatrice M. Gottlieb, charity organizer extraordinary; Don "Mr. Sage" Henshaw, Rev. Norman Rawson of Ottawa; and the Princess Alexandra Kropotkin, magazine columnist. Ten others prominent in merchandising fields also spoke. The guest city of London was honored in the election of Harold W. Donahue, president of the London Advertising Club, as president of the Affiliation.

* * *

For the third consecutive year a campaign has been released on screens of Anaconda bronze. Class magazines and metropolitan dailies are carrying copy, which appears over local dealers' names in the latter. The campaign is also being extensively merchandised to the trade. Lord & Thomas of Canada are placing.

* * *

J. H. Castle-Graham, London Life Insurance Co., has been appointed publicity director for that firm.

* * *

A new radio campaign for Nestlé's Evaporated Milk is beginning over CFCF Montreal. Campaign is directed by Lord & Thomas of Canada.

* * *

Leo J. Cox is the new president of the Advertising Club of Montreal, succeeding C. W. Baker. Mr. Cox is an account executive with J. J. Gibbons Ltd. Other officers at the annual meeting are Arthur B. Smith, Canadian National Railways, first vice-president; Murray R. Chipman, MacLean Publishing Company, second vice-president.

* * *

The list of advertising agencies accorded official recognition by the C.D.N.A. at the dailies' annual meeting contains three new names, one—Stewart-McIntosh Ltd., of Vancouver—appearing for the first time, the other two being previously recognized under other names. Following is the complete list—Ardiel Advertising Agency; N. W. Ayer & Son of Canada; Baker Advertising Agency; Benison Co.; Duncan S. Blaikie Advertising Agency; Canadian Advertising Agency; Cockfield, Brown & Co.; Consolidated Advertising Service; A. J. Denne & Co.; Financial Advertising Co. of Canada; Jas. Fisher Co.; J. J. Gibbons Ltd.; F. H. Hayhurst Co.; L. J. Heagerty & Associates; Imperial Publishing Co.; Russell T. Kelley Ltd.; Clarke E. Locke Ltd.; Lord & Thomas of Canada; MacLaren Advertising Co.; McConnell, Baxter & Eastman Ltd.; A. McKim Ltd.; Norris-Patterson Ltd.; Thornton Purkis Ltd.; E. W. Reynolds Co.; Ronalds Advertising Agency; R. C. Smith & Son; Stevenson & Scott; Stewart-McIntosh; Tandy Advertising Agency; J. Walter Thompson Co.; Vickers & Benson; Wallace Advertising Ltd.; Walsh Advertising Co.

* * *

Annual report of Daily Mirror Newspapers Ltd. states that the issue of Daily Mirror containing pictures of the funeral of George V ran to 3,247,695 copies. This figure, it is said, constitutes a record print of any daily newspaper of any kind in the world.

Head Office Montreal

Assets
exceeding liabilities to the public by $76,000,000.

MODERN, EFFICIENT BANKING SERVICE . . . *the outcome of 118 years' successful operation.*

BANK OF MONTREAL
Established 1817

"What about the SOUTHERN MARKET?"

Canadian manufacturers seeking to enter new markets in the West Indies, Central and South America, find a helpful ally in our Foreign Trade Department. Through this bank's Resident Managers, information can be supplied on current market opportunities, and trade connections arranged; if desired, credit information can also be furnished.

THE ROYAL BANK OF CANADA
OVER 700 BRANCHES IN CANADA AND 30 OTHER COUNTRIES

New Issue

$4,579,000

Province of Nova Scotia

3¼% Twenty-Year Debentures
(Non-Callable)

To be dated June 1st, 1936 To mature June 1st, 1956

Principal and half-yearly interest (June 1st and December 1st) payable in lawful money of Canada in Halifax, Montreal or Toronto. Denomination: $1,000. Debentures may be registered as to principal.

Legal Opinion: Messrs. Long and Daly

These Debentures are a direct obligation of the Province of Nova Scotia and are a charge upon all revenue, monies and funds of the Province. The proceeds of the issue will be used for highways, highway unemployment relief, new buildings, equipment, and revenue deficit.

Information regarding the financial position of the Province will be found in the official circular which is available upon request.

We offer these Debentures, if, as and when issued and accepted by us and subject to approval of Counsel.

Subscriptions will be received subject to rejection or allotment, in whole or in part, and the right is reserved to close subscription books at any time without notice.

It is expected that Debentures in interim form will be ready for delivery on or about June 1st, 1936.

Price: 99.50 and accrued interest, to yield 3.28%

Wood, Gundy & Company Limited
A. E. Ames & Co., Limited
Dominion Securities Corporation Limited
Eastern Securities Company, Limited

The information contained in this advertisement is based upon statements on which we have relied. We do not guarantee but believe the statements herein made to be true.

Two New Contenders For Tory Leadership

Col. Drew, Guelph, and Mayor Frost, Lindsay, Enter the Lists

FERGUSON IS MUM

Withdrawal of Hon. W. H. Price, former Attorney-General, from the race for leadership of the Conservative party in Ontario has improved chances of Hon. Leopold Macaulay, former Minister of Highways. He is still regarded as running a vigorous second to Hon. Earl Rowe so far as opinion in various parts of the province can be ascertained. Hon. Howard Ferguson has returned from his world trip and in his first interview is reticent as to what part he will take in the proceedings of the convention to be held on May 27 and 28 to elect a leader and draft a platform. Close friends still think he will refuse to stand, but he will apparently take his coat off and be a potent worker in proceedings.

But as the convention dates, May 27-28, draw near, it becomes very evident that there will be a real contest for the leadership. Two names, unmentioned in gossip previously, have emerged in the last week. One is Lieutenant-Colonel George A. Drew, K.C., author, soldier and former Ontario Securities Commissioner, and the other is Cecil G. Frost, Mayor of Lindsay, a lawyer who has drawn province-wide attention by his sane ideas on municipal government and taxation.

British to the Core

Colonel Drew was born in Guelph of United Empire Loyalist stock. Law and politics are in his blood: his father was John J. Drew, K.C., and his grandfather the late George A. Drew, Q.C., member of Canada's first parliament after confederation. Born in Guelph in 1894 he received his education there, at Upper Canada College and at Osgoode Hall. He served with the 16th C. E. F. Battery in the Great War until severely wounded in 1916. He was alderman at Guelph in 1922, 1923 and 1924 and mayor in 1925. He succeeded the late Hon. Mr. Justice Garrow as Master of the Supreme Court of Ontario in 1929 and in 1931 was appointed chairman of the Ontario Securities Commission.

Col. Drew's book, "Canada's Fighting Airmen," and his article in Maclean's Magazine, "The Truth About the War," have drawn international attention. He has written many articles about armament trusts and their activities in promoting world discord, and his "Salesmen of Death" was widely distributed in many countries. He is a member of the National Council of the League of Nations Society.

Col. Drew is intensely interested in aviation, belongs to many veterans and military organizations and is on various hospital and charitable boards of Guelph. With characteristic energy he has declared himself a candidate "for the preservation of British principles" in the conduct of Ontario's affairs and is explaining his ideas in Ontario newspaper articles and advertisements, in radio broadcasts and in speeches at some important public meetings. He declares

Cecil G. Frost is also a lawyer. He has a background of solid accomplishment in the municipal arena and he has been able to make effective use of his ideas as alderman, chairman of the finance committee and mayor of Lindsay. He has been backed by a good council but his initiative in organizing the most prominent and representative citizens of Lindsay to give personal attention to relief, taxation and all problems with which they as ratepayers are concerned, has borne excellent fruit.

Municipal authorities all over the province have paid close attention to his inaugural address as Lindsay's mayor when he expressed the view that the council should authorize no expenditure for relief or otherwise that it had not the courage to collect in the form of taxes. Lindsay did pare its expenditures to the bone and did balance its budget along these lines. At the same time Mr. Frost has come to the conclusion that municipalities have undertaken a great deal of social service expenditure which was never intended to be within their powers. He is a strong advocate of limiting expenditures and of insisting on solvency in municipal and provincial and federal affairs. His studies on comparative municipal expenditures have been especially valuable.

Mr. Frost was born in Orillia on August 27, 1897. His father, W. S. Frost, was at one time Mayor of Orillia. The son's education was interrupted by the war as he enlisted at the age of 18, served in France, Belgium and Germany with the 2nd battalion Canadian Machine Gun Corps., and was promoted on the field to rank of captain.

He was wounded on October 11, 1918, but returned to duty in time to be at Mons on Armistice Day and march into Germany. On demobilization he completed his education at Osgoode Hall and graduated with honors in 1921. He entered into partnership with his brother, Leslie M. Frost in Lindsay in September, 1921.

As he has campaigned throughout Ontario for the Conservative party it is of interest to note that he is a strong believer in moderate protection and Empire trade. His wife is a daughter of the late John Carew, M.P.P. Lindsay people and advocates generally in the province of balanced budgets, lower taxation, thrift in public expenditures are enthusiastic for him. His claim that recovery is being hampered by excessive taxation of real estate has especially awakened thoughtful consideration.

Massey is Silent

No word has yet come from Denton Massey as to whether or not he will let his name go forward at the convention. He was regarded as a dark horse but he may not be an entry.

The Mail and Empire, Ontario's chief morning Conservative newspaper, says the convention also will be the stage of a battle to change officers of the provincial association. Karl H. Homuth, textile manufacturer and former M.P.P. of Preston, is stated to be heading an opposition party to the re-election of William H. Ireland, present president and former Conservative whip and his fellow officers. It would mean a clean sweep, says the Mail & Empire if Mr. Homuth succeeds.

Most of the delegates will sponsor the convention resolution demanding repeal of the Hepburn Government's separate school legislation. Col. Drew will probably be the most effective critic of the Hepburn government for the latter's alleged discourtesies to the Lieutenant-Governor and the repudiation of contracts. Mr. Frost promises to give some of the most constructive suggestions for party policy and must be reckoned with in future whether he wins the leadership or not.

LIFE BEGINS at
Banff
In the Canadian Rockies

Mile-high Golf
Alpine Climbing
Riding. Swimming
Fishing . . Tennis
Gay Social Life

SO DIFFERENT, it is like starting a new life—up, up, in the bracing coolness of a mountain wonderland, stands this veritable "Castle in the Air"—Banff Springs Hotel! Every window frames a view of breath-taking Alpine beauty . . . every hour brings some new thrill, some unexpected pleasure or some delightful touch of hospitality. Here is gracious living at its best, on any scale you choose . . . de luxe suites and smaller, perfectly appointed ones . . . single and double bedrooms . . . and interesting, world-travelled people to add to the enjoyment of your stay.

Outdoor diversions in abundance . . . golf on the famous mile-high course . . . sure-footed ponies . . . hiking on sky-line trails . . . tennis on fast clay courts . . . swimming in warm sulphur and fresh water pools. Fishing! Spectacular mountain motoring to nearby Lake Louise and Emerald Lake. And when evening comes, dancing and entertainment . . . and, at last, deep, restful, "mile-high" slumber.

Plan a long stay at Banff this summer. Ask for booklet—"Castle in the Air."

Noteworthy events include: Calgary Stampede, July 6-11; Indian Days, July 24-26; Trail Ride, July 31—August 4; Trail Hike, August 7-10; Golf Week, August 16-22, with tournaments for the Edward, Prince of Wales Cup, and the Willingdon Trophy. Banff Springs Hotel open from June 13—Sept. 15; Chateau Lake Louise and Emerald Lake Chalet, June 20—Sept. 15. Vancouver Golden Jubilee, July 1—Sept. 7.

Extend your holiday to visit Alaska, the glaciers and fjords. *9-day Cruises* from Vancouver and Victoria, all expenses included (except at Skagway) $90.

Low Summer Round-trip Fares to Banff, Pacific Coast, California

Full information from any Canadian Pacific agent

CANADIAN PACIFIC

C. M. A. Strikes at System Governing Montreal's Affairs

From Our Own Correspondent

MONTREAL. — Complete change in the system of civic administration in Montreal is necessary, otherwise there is grave danger of repudiation and consequent flight of capital and industry from the metropolitan area, according to a statement made by H. W. Matheson, retiring chairman of the Montreal Branch of the Canadian Manufacturers Association, at the annual meeting of the branch.

In his annual report as secretary, R. W. Gould supported the views expressed by Mr. Matheson, pointing out that the financial situation of Montreal today is in the most precarious condition in its history and that the solution of the city's desperate plight depended "almost entirely upon whether political expediency or sound judgment is to prevail."

The attack of the Montreal branch of the C. M. A. has aroused the ire of a number of the aldermen and their adherents, but there is prospect of the Quebec Government taking steps to set up a commission form of government. Premier Taschereau has broached the matter on several occasions and it is known that a delegation of Montreal citizens have requested that Quebec do something to change the present system, which has been characterized by extravagance and rapidly mounting taxation.

Stock Control Of Bathurst In New Hands

Newsprint Bond and Share Sell Out to Nesbitt, Thomson and Co.

MEETING MAY 25

From Our Own Correspondent

MONTREAL. — Nesbitt, Thomson and Co. and associates have acquired control of Bathurst Power and Paper Co. through purchase of stock holdings of Newsprint Bond and Share Co.

Newsprint Bond and Share held 150,000 Class A shares and 150,025 Class B shares of Bathurst. While there has been no official statement as to the price paid, it is understood the new interests paid $14 a share for the Class A and $3 a share for the Class B stock.

A meeting of the shareholders will be held May 25 when it is expected the new controlling interests will place their own nominees on the board.

In Picture Before

This is the second occasion on which Nesbitt Thomson and Co. have secured control of the Bathurst property.

The first occasion took place toward the end of 1927 when the Montreal investment dealers bought control from Angus MacLean for an amount said to involve $10 millions, the latter figure including a bond issue which was retired.

Public financing was carried out in February of the following year when 400,000 shares of class "A" and 300,000 shares of class "B" stock were put on the market.

About this time the newsprint industry was in a highly nervous state and the possibility of unrestricted development of the property caused a number of newsprint companies to band together to buy control.

Operators Buy Control

To this end the Newsprint Bond and Share Corp. was formed for the purpose of subscribing for 150,000 class "A" shares and 150,025 shares of class "B" stock. The latter represents a bare majority and gives voting control of the company.

Over $4 millions was paid for this stock. The investment was divided into 40,482 shares of $100 value each and subscribed for by Abitibi, Brompton Canada Power, Port Alfred, Canadian International Paper, Minnesota and Ontario Paper and Price Bros. and Co.

The original allotment of shares in Newsprint Bond and Share Corp. was largely on the basis of tonnage capacity. Consequently Canadian International Paper and Abitibi were the two largest shareholders.

Banks Finance Deal

At this time the newsprint companies were beginning to see the "handwriting on the wall" and purchase of the majority stock in Bathurst was financed with loans of equal size arranged with the Royal Bank of Canada, Bank of Montreal and the Canadian Bank of Commerce.

In subscribing for the stock, the seven original shareholders of Newsprint Bond and Share agreed to raise sufficient money each year to cut down bank loans by $500,000 annually.

Members in Default

Unfortunately the troubles of the newsprint industry developed faster than anticipated and by the end of 1932 there were a number of defaulters. Abitibi and Minnesota and Ontario had gone into receivership. Since then Price Bros. and Co. had been placed in bankruptcy and joined the list of defaulters.

Corporate changes, too took place. Brompton came under control of St. Lawrence Corp. Canada Power lost its identity and became Consolidated Paper. Port Alfred suffered a similar fate and was merged with other properties to make up Consolidated.

Reorganize Holding Company

The obligation to the banks had to be met, however, and those companies continuing to honor their liability felt that control of Newsprint Bond and Share should be on a basis of capital subscribed and paid up. At the suggestion of Archibald R. Graustein, until of late head of International, a capital reorganization of Newsprint Bond and Share was carried out in order to give effect to this change in circumstances.

Under the new set-up, the capital consisted of preferred and common shares, voting control going to the holders of the latter stock.

Newsprint Bond Set-Up

At present Newsprint Bond and Share shareholders comprise Abitibi, Brompton, Consolidated Paper, Minnesota and Ontario, Price Bros. and Co., and International Paper and Power Co. (C.I.P.'s interest was transferred to I.P. and P. in 1935).

No Longer Needed

As Bathurst is not now engaged in the manufacture of newsprint, production being confined to kraft liner board, the original purpose of Newsprint Bond and Share no longer exists.

Wineries Pushes Its Quebec Sales

Hon. Victor Marchand Joins Board of Directors

Canadian Wineries, Ltd. announces the appointment of Hon. Victor Marchand of Montreal as director. This move has been made at the same time that the company is conducting an advertising campaign in Quebec province for the sale of its products. These products have been on sale at Quebec Liquor Commission stores but this is the first time a drive has been made by means of advertising to reach wine drinkers.

The company recently passed its dividend in order to conserve cash and to pay off bank loans. It is understood the company is maintaining its relative place in the industry.

Nova Scotia Fish

An increase of 6,511,300 pounds of fish landed in Nova Scotia in March is shown in comparison with March, 1935. The gain in value was $145,367.

Brazilian Pays Cash Dividend

No Change in Material Situation in Brazil — Management Changing

Brazilian Traction Light, Heat & Power Co. common stock, which declined in 1936 from a high of 15½ to below 10, rose last week to 12¾ on the news that the directors had declared a dividend of 30 cents a share payable July 15 to shareholders of record June 5, 1936. It was a surprise to nearly all investors who had thought cash dividends were unlikely until the company had finally succeeded in negotiating new agreements made necessary by the Vargas gold decree of 1934 and until exchange was free enough to permit the steady export of funds.

However, the company manages to find some exchange occasionally and is thus able to give something to shareholders. This is not to be considered in any way a resumption of dividends. Dividends could scarcely be resumed under current conditions of exchange on a permanent basis because the company could not be sure from quarter to quarter that it could get the necessary money out of Brazil.

Brazil has been quite active so far as internal trade is concerned. Recovery in coffee prices has been long delayed but heavier movement physically is encouraging. Higher prices are not to be expected for a considerable time as the commodity is still over-produced. Therefore only slow exchange improvement can be looked for.

The Financial Post has tried to ascertain whether or not there is a prospect of dividend payments again this year. No one can say. Important changes are rumored as likely in the management of company as the present executive vice-president in Brazil, H. H. Couzens, is understood to desire to rejoin his family in England. Efforts have been made to induce him to change his mind.

Plan for C.P. Ships Denied by Beatty

From Our Own Correspondent

MONTREAL.—Cable dispatches from London that the Canadian Pacific Railway is contemplating ordering four new liners totalling 102,000 tons from British shipbuilders, are denied officially by Sir Edward Beatty, head of the Canadian Pacific Steamships.

The reported plans included construction of a sister ship to the 42,500 ton "Empress of Britain" and three vessels of the Duchess class, each of 20,000 tons.

Rumors that the Canadian Pacific would build new ships have been in circulation several times over the past year, but all were denied officially.

Power Suit Put to Court

Ottawa Valley Power Case to Be Decided Shortly

Hearing of the case of the Ottawa Valley Power Co. against cancellation of its power contract with the Ontario Hydro has closed at Osgoode Hall, Toronto.

Chief Justice Rose promises his judgment on the case at the earliest possible moment.

Both sides have indicated they will carry the litigation to the Privy Council.

Case for Company

The case for the company was presented by W. N. Tilley, K.C., whose chief argument was that the cancellation of contract affects the company-Hydro agreement on development and operation of power plants on an interprovincial site, and was ultra vires the Ontario government.

Management of Property
Let us explain our services to you.
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Irving P. Rexford, *General Manager.*
393 St. James Street West - Montreal.

Pacona Stock Increase Presages New Scheme

From Our Own Correspondent

MONTREAL. — Indication that Pacona Ltd. will shortly make an offer to the shareholders of Price Bros. and Co., is seen in the official announcement covering an increase in the capital stock of Pacona from 1,000 to 1.2 million shares of no par value.

Consequent upon the increase in stock, the amount of capital with which the company will carry on its business, according to the supplementary letters patent, is $6 millions.

St. Catherine Stanley May Pay Coupon in July

From Our Own Correspondent

MONTREAL.—St. Catherine Stanley Realty Corp., owners and operators of the Castle Building in Montreal, did not pay the May 1 coupon on its first mortage bonds. However it is hoped that sufficient funds will be accumulated to pay the May 1 coupon on or about July 1.

At present the building is reasonably well occupied.

STYLE SENSATION

$1340
Delivered Montreal
New 16-ft. Double Cockpit Forward Chris-Craft

Here's a sturdy, fast, durable Chris-Craft that's capable of 32 m.p.h. and operates as cheaply as a low priced car. Just the thing for weekend trips, vacations and racing. Act now! Let us demonstrate.

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MONTREAL

MODERN MAGIC » » »

THOSE PERFECT CIGARETTES you smoke, made by the Imperial Tobacco Company, fully and evenly packed, firmly rolled—not too loose, not too tight—are produced by modern machines, which turn out thirteen hundred and sixty cigarettes every minute of the working day, approximately *twenty-three every second.*

And this is modern magic.

Here is the way it is done. First, various types of time-mellowed tobacco leaf are blended according to the exact formula of the cigarette being produced. The tobacco is humidified, stems are taken out and the whole compressed into a solid "plug" for cutting. After sharp, flashing knives have sliced the plug into fine, golden shreds, any loose scraps are removed under forced draft. Then, following a period of further conditioning, the tobacco is ready for the cigarette machines.

Hour after hour, batch after batch of the fragrant tobacco goes into the machines. There it is again cleaned by suction, fluffed into a soft carpet of uniform thickness and showered onto the cigarette paper. Rapidly unwinding from the whirling bobbin, the strip of paper is printed with the name of the cigarette, passes on to receive the tobacco and then into a tapering device which forms the cigarette. It comes out at the other end, rolled into an endless cigarette and passes on to the cutter, where it is clipped evenly, cleanly into cigarettes of the required length by a circular, razor-keen blade revolving at mile-a-minute speed.

A series of careful inspections follow, and there, at last is your perfect cigarette.

IMPERIAL TOBACCO COMPANY OF CANADA, LIMITED

Investment Trends

Political Uncertainty Rules Stock Markets

Pending Confirmation of Downward Trend of Stock Prices, Caution Is Advised — Major Recovery Influences Indicate Eventual Strength

Major uncertainties for investment markets are political. In Europe, national bankruptcies are mixed dangerously with re-armament and the politics of desperation.

In the United States, there is a contest between forces for orthodox recovery and the Roosevelt régime with its socialistic aims at recovery by budgetary inflation and redistribution of wealth by taxation. Court rulings such as that against the Guffey coal act indicate that the main election issue will be adoption of a socialistic constitution or alteration of government policies. The effect on investment markets will probably be disturbing because the alternatives are restriction or freedom for business and investment.

In Canada, there is an economic race between the forces of recovery and our inflationary deficits which are running toward financial crisis. This, however, has been partly concealed by the huge U. S. deficits and unrest abroad.

Results for the building industry continue disappointing and worse than in 1935 except for a few instances of large individual contracts.

Except for mining shares, dealings in Canadian securities have dwindled sharply in both international and domestic markets. Incidentally, some of the more speculative mining shares appear to have risen beyond the levels of reason.

There is considerable opinion in New York that the recent decline of stocks has discounted possible collapse of the franc.

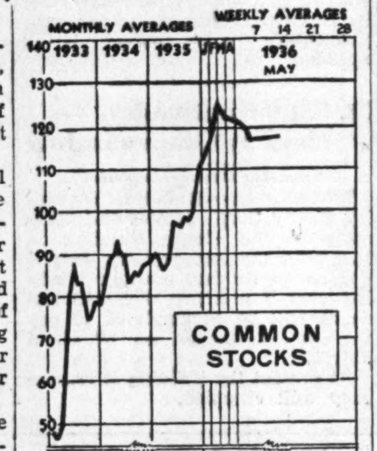

Chart by The Financial Post

IRREGULARITY

Common stock prices recovered slightly in the week ended May 14, after weakness in April. Subsequently irregularity has appeared. Comparative indices of the Dominion Bureau appear on this page.

Advise Sidelines

LENDING clarification of the near-term trend of stock prices, market advisers are suggesting a policy of watchful waiting or of partial liquidation on any current spell of strength.

The issue is whether there will be further indication that prices are in the early stage of an intermediate downward movement, or whether another upward movement is in the making. The likelihood is interpreted to be plumbing of recent low levels, either confirming the down trend to a new bottom or to establish a foundation for advance.

Since 1932, the main, long-range trend of share prices has been upward, as shown by Montreal and Toronto Stock Exchange averages and by Dow-Jones averages for New York industrials. New York movements, which are directly related to those in Canada, have included three marked recessions since 1932. We may now be in the course of a fourth set-back, as indicated below:

Dow-Jones Industrials

Intermediate moves:			—Change— points	%
July-Sep. '32	41.22 to	79.93	+38.71	+93.9
Sep.-Feb. '33	79.93 to	50.16	—29.77	—37.2
Feb.-July '33	50.16 to	108.67	+58.51	+116.7
July-Oct. '33	108.67 to	83.64	—25.03	—23.0
Oct.-Feb. '34	83.64 to	110.74	+27.10	+32.4
Feb.-July '34	110.74 to	85.51	—25.53	—22.8
July-Apr. '36	85.51 to	161.99	+76.48	+89.4
Apr. '36 — ?	161.99 to	?	?	?

The jagged rise to April, 1936, covered over 20 months whereas other swings didn't exceed 6 months. It will also be noted that each new recession was a foundation for a new and higher peak; in other words that the long-range trend has been distinctly upward.

* * *

Main Influences

EACH time stock prices start downward, financial districts become pessimistic, not without some cause because there is always the possibility of a change in the main trend which so far has been upward. At present, however, there are good reasons or faith that the rise will eventually be renewed. Important among them are these:

1. Money is plentiful at low interest rates.
2. Business activity is still below the elusive "normal."
3. Large deferred demands for durable goods have yet to become fully effective.
4. Inflationary influences still exist in devalued currencies and unbalanced budgets.

* * *

Investment Stocks

APPARENTLY some readers were confused by comment here last week that tested "investment stocks" would be less vulnerable in a period of decline than the general market. The following tabulation should clarify:

Record of Investment Stocks

	High 1936 $	—Current— Price $	De-cline %	Y'ld %
B. A. Oil	27⅝	23½	14.9	3.4
Bell Telephone	150	146	2.7	4.1
Bank of Can.	58	57	1.7	4.0
Can. Packers	93	80	14.0	3.8
Consumers' Gas	205¼	202	1.5	5.0
Dom. Bridge	40½	37	8.6	3.3
Goodyear Tire	73	68	6.9	3.7
Imperial Oil	24½	22½	8.2	5.5
Imp. Tobacco	14½	13¾	5.2	3.7
Int. Petroleum	39⅞	37½	6.0	6.7
Laura Secord	69	67	2.9	4.5
Montreal Pwr.	34	31½	7.3	4.6
Moore Corp.	39	36	7.7	2.8
Nat. Breweries	44	43	2.3	4.7
Page-Hersey	95	89	6.3	3.4
Shawinigan	23⅜	20½	12.3	2.9
Steel of Can.	67¼	62½	7.5	2.8
Averages	64.6	61.0	5.6	4.05

Compared with an average recession of 5.6 per cent for this group, the Toronto and Montreal Stock Exchange industrial averages show a decline of 8.8 per cent from 1936 highs. The yield on International Petroleum is the highest, but the shares have shown marked resistance to decline. Others that have declined even less are Bell Telephone, Bank of Canada, Consumers Gas, Imperial Tobacco, Laura Secord and National Breweries.

* * *

Yields and Prices

DISCUSSION of further lowering of the rate on bank savings to 1½ per cent has important investment significance. Such a reduction would tend to lower yields on government bonds, and it is understood that Dominion government authorities don't favor rates lower than 3 per cent, even on gilt-edged securities, because of the impact on financial institutions. Credit expansion appears to be working interest rates downward by a sort of treadmill process.

Lower rates on savings and on government bonds would tend to confirm strength of preferred shares and such yields as 5 per cent on new preferred issues, 4¼ per cent on high quality industrial bonds and the reduced yields that have been established on common shares.

Comparison of the approximate spread between rates on bank savings and on government bonds with those on lesser securities follow:

Spreads Between Yields

	1936	1928
1. Bank savings	2%	3%
2. Government bonds	3%	4½%
3. Corporation bonds	4%	5½%
4. Preferred stocks	5%	6½%
Gross spread (4.—1.)	3%	3½%

If another reduction of ½ per cent occurred throughout the scale, yields of 3 to 5 per cent on well-seasoned common shares would seem comparatively attractive. That is, high prices that have been reached this year would appear to be justified in cases where dividends can obviously be maintained or increased.

Over 1,450 Municipalities

Quebec now has 126 urban and 1,325 rural municipalities. The former include 101 towns and 25 city corporations.

DIRECT MONTREAL CURB MARKET

Lt.-Col. J. E. McKenna, M.C., of Yates & Co. (left) has been elected by acclamation chairman of the board of management of the Montreal Curb Market for the 1936-37 term. He succeeds A. E. D. Tremain. Frank J. Smith, of Routledge, Jarvis & Co. (right) was elected to fill the vacancy on the board created by the retirement of Mr. Tremain. Other members of the retiring board were returned to office: Raymond Allan, of Greenshields & Co., vice-chairman; D. S. Yuille, of O'Brien & Williams, secretary-treasurer; P. A. Brault, of Brault & Chaput; A. H. B. Mackenzie, of Mackenzie & Kingman; F. S. Molson, of Molson & Lawson; P. E. Ostiguy, of Garneau & Ostiguy; and W. W. Thompson, of Drury & Thompson.

Court Approves Sale Canadian Rail Assets

Approval of Mr. Justice McEvoy in Supreme Court of Ontario has been given to judicial sale of assets of Canadian Rail & Harbour Terminals. The deal was approved by first mortgage bondholders April 24.

Court approval was given May 15 and there are 15 days in which appeal may be filed by holders of general mortgage bonds.

Completion of the sale would give holders of the 6½ per cent first mortgage bonds approximately 65 cents on the dollar in cash for their holdings. Holders of the 7 per cent general mortgage bonds and of the 7 per cent debentures would get only 8 cents on the dollar, being the funds now held by trustees in sinking funds.

Canadian Inter. Paper Gets Decision on Tax Suit

From Our Own Correspondent

MONTREAL.—City of Three Rivers' municipal and tax suit for $898,313 against Canadian International Paper was reduced by the courts to $113,894. However the company's counter-claim for $266,000 was maintained for $110,800, so that a balance of only $3,094 is collectible by the city.

In addition the company preserves its right to recover $2,499 paid unduly to the Three Rivers School Commission so that the net effect is to establish the company's total liabilities for the 1933 and 1934 taxes at little more than $500.

Investment Notes

Moore Corp.—Market strength of the common around $36 is attributed to well-informed investment buying. Official reports of earnings are believed to be highly conservative, and unofficial observers think dividend payments could be increased without difficulty.

* * *

Liquor — Even though reduced, those U. S. tax settlements are not helpful, especially since companies like Distillers-Seagrams and Walker-G. & W. have tied up big sums in American ventures. The apprehension of investors is that U. S. distillers are regaining lost ground in aging spirits.

* * *

Bank of Canada — Under present interest rates, maximum justifiable level of the shares appears to be about $65 a share, where the yield would be 3.45 per cent, compared with 3 per cent on government bonds. If, and when, government plans to leave the shares undisturbed become official, the price may rise; always provided, of course, that bond prices remain high and yields low.

* * *

Brazilian—Declaration of a 30-cent dividend bears out in part the hopes of interests who were buyers on the rise abbve $15 a share earlier this year. However, occasional payments don't appear to warrant much higher levels for the shares. It will be recalled by readers of this column that the hopefuls were looking for 50 cents a share now and for another payment later in the year. Well,, they're getting 30 cents a share anyway.

* * *

Hamilton Bridge — The preferred around 35 is nearly twice the low of last year, but weakened slightly after it became known that there are prospects for some new business for its subsidiary on the new First Narrows bridge at Vancouver. The outlook has certainly improved, but resumption of dividends is not in sight.

Dominion Tar—Talk of capitalizing arrears of preferred dividends would become reality only if earnings rise to cover the regular dividend. The company could certainly make a nice saving if the 6 per cent first mortgage bonds were refinanced at a reduced rate.

* * *

Union Gas—Earnings for the year to March 31, 1936, were nearly 60 cents a share on the common. This is one gas utility that still has expansive possibilities, but the shares do not show strength.

* * *

Langley's—As suggested here some time ago, the dividend on the preferred that would ordinarily be payable May 15 was passed. Working capital was down to $109,527 at the end of 1935, and although this year's business has been better it has been necessary to use available funds for improvements and equipment.

* * *

Canada Bud—In a soft market, this brewery's shares have strengthened to 9, evoking favorable comment.

* * *

Geo. Weston—Rights of shareholders to buy at $2.50 a share stock of Geo. Weston Foods Ltd., the British company, expire June 1. Shareholders ask what value there is to the rights. There is no cash value because the British shares are not quoted, and only time can tell what they are worth in an open market.

* * *

Canada Packers — No sign of an increase for this year in the $3 dividend rate.

* * *

Brantford Cordage — New preferred stock issue may not be offered for some time yet, but is expected to be for an amount of about $1 million carrying a 5 per cent dividend rate.

* * *

Bell Telephone — Firmness of the shares can be attributed largely to low yields on high quality bonds, but is also based, of course, on the assumption that earnings will improve and cover the $6 dividend.

Significant Investors' Index Numbers

1926 = 100

No. of	Iron and steel	Pulp and paper	Milling	Oils	Textiles and clothing	Food and allied products	Beverages	Total industrials	Total utilities	Total co's.
Securities	15	6	5	5	11	16	9	89	23	112
1929-35:*										
High	388.9	113.4	273.4	423.5	113.5	197.8	205.4	317.6	166.0	232.6
Low	39.8	2.8	37.7	83.6	28.0	72.1	28.5	49.3	33.1	40.9
Monthly Figures, 1936:										
January	130.3	18.6	80.0	231.0	75.5	153.6	151.7	187.7	52.4	117.8
February	140.5	20.2	84.3	246.5	74.0	156.7	151.7	200.0	57.0	126.1
March	136.5	18.5	88.7	237.3	73.1	153.2	140.3	194.8	55.4	122.7
April	131.7	17.6	91.0	244.5	71.3	150.8	131.9	194.2	53.1	121.3
Weekly Figures, 1936:										
May 7	125.9	16.9	86.4	236.1	67.4	146.4	123.5	188.0	51.4	116.8
May 14	125.1	17.1	86.9	239.0	67.9	147.6	132.9	190.0	51.9	118.0

*High and low of years from 1929 to 1935 inclusive are based on weekly figures. Compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	20 Misc. Mines
May 19	129.43	134.04	131.19
May 18	130.81	132.96	131.09
May 16	131.39	132.24	131.26
May 15	121.61	132.30	131.44
May 14	130.55	131.16	130.06
May 13	129.91	131.63	129.03
Month ago	132.06	129.45	133.89
Year ago	112.83	110.72	100.86
High, 1936	143.46	135.81	144.23
Low, 1936	128.71	115.97	125.30

Montreal Averages

	10 Util.	20 Indus.	30 Comb'd
May 19	68.4	70.8	70.0
May 18	68.7	71.7	70.7
May 16	68.9	71.8	70.9
May 15	69.1	72.0	71.0
May 14	68.3	71.5	70.4
May 13	68.3	71.2	70.3
Month ago	69.8	74.0	72.6
Year ago	57.4	60.6	59.0
High, 1936	72.4	78.4	76.6
Low, 1936	57.2	49.5	55.0

Quebec Gold Production reaches new peak

• • •

The increase in Quebec's production of gold and other metals has been more pronounced relatively than that of any other part of the Dominion. During 1935 gold production totaled $16,555,874—over one and a quarter million dollars per month,—as against a nominal production of $76,070 ten years ago.

The outlook for 1936 indicates this progress will continue, as several important mines are expected to come into operation.

Because of the vital importance of the mining industry to Canada's future, investors should give careful thought to its possibilities as an investment medium.

We are associated with the Quebec Mining Industry through the financing of the power companies supplying power to the mining industry, also through the financing of several mining companies.

We shall be glad to give particulars of these companies on request

NESBITT, THOMSON
AND COMPANY LIMITED
355 St. James Street West, Montreal

Branches in the principal cities of Canada

Report Government Loan May Be Coming Soon

Reports continue in financial quarters that the Dominion government may be in the market shortly with a substantial offering of bonds.

Official Ottawa declines to comment. This in itself is regarded as a possible indication that a loan is coming, because ordinarily false rumors of impending financing bring forth denials.

One development that leads bond houses to look for borrowing is the strength of the gilt-edged market, particularly in 3 per cent bonds. If a loan were floated the probable rate for longer term bonds would be 3 per cent. Hence the government's bankers would be inclined to favor firm prices for 3's prior to undertaking financing.

Apart from treasury bills, the government has no immediate maturities to look after, and early income tax revenues must have swelled the treasury coffers. However, there is approximately $188 millions of bonds and notes falling due between Sept. 15 and Nov. 15. By funding part of this debt as soon as possible, the government would be taking advantage of the high levels attained by the gilt-edged market.

This year's maturities other than treasury bills are as follows:

Dominion Maturities in 1936

Rate	Maturity	Description	Amount
1½%	Sept. 15	Refunding	$45,000,000
2%	Oct. 15	Refunding	$63,336,000
3%	Nov. 15	Nat. Service	$79,536,300

Montreal Stock Values Fall Off Since March

MONTREAL. — Value of stocks and bonds traded on the Montreal Stock Exchange and Montreal Curb Market amounted to $7,483 millions as at the end of last April, a decrease of $254 millions from the previous month. Compared with a year ago, total values show a gain of $979 millions.

Nine out of ten classifications showed decreases from the previous month

Godfrey Realty Paying Partial Interest June 1

Godfrey Realty Corp., Montreal, is paying 1½ per cent on account of interest on the 6 per cent first mortgage bonds on June 1. In addition, interest at 6 per cent is to be paid on deferred interest.

On a $1,000 bond, payment will total $16.80 ,made up of $15 at 1½ per cent and $1.80 at 6 per cent on deferred interest. Payments on other denominations will be proportionate.

Canadian Pacific Railway Company
Convertible
Non-Callable
3½% Collateral Trust Bonds
Due February 15th, 1951

Bonds are non-callable and are convertible at the option of the holder into ordinary shares of the Company in the ratio of 4 shares for each $100 Bond, from February 15th, 1937 to February 15th, 1944 inclusive. Bonds are available in $1,000 and $500 denominations.

The C.P.R. has had a long and successful record of operations. Its growth has been strikingly similar to Canada's expansion both internally and in world trade. Now, with the general improvement in Canadian business and a betterment in Western agricultural conditions, the returns of the C.P.R. are definitely improving. Traffic earnings this year to May 14th, are over 10% higher than last year.

Price: 96.50 and interest, yielding 3.81%

Mail orders receive careful attention.

Wood, Gundy & Company
Limited
36 King Street West
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Ottawa
Hamilton
Vancouver
London, Ont.

An Open Letter to Mr. Bennett

Rt. Hon. R. B. Bennett,
House of Commons, Ottawa, Ont.

Toronto, Ont.
May 19, 1936.

Dear Mr. Bennett: —

In the House of Commons on Monday you stated that a large magazine publisher had consistently attacked you because in 1930 you had removed the 80 per cent drawback on paper used in Canadian magazines.

You referred to exemption from sales tax on paper and ink brought down in recent Budget as "a most unfair discrimination for the benefit of a particular publisher."

All publications issued by The MacLean Publishing Company are independent of party politics, and always have been since the first publication was founded by the present Chairman of the Board, Colonel J. B. Maclean, nearly fifty years ago.

At no time during your term as Prime Minister did we make a personal attack on you. Our criticism was always of a constructive character and we gave our reasons for opposing any action on your part which we did not consider in the public interest.

Canadian national magazines, however, were the chief matter under discussion in your remarks. The public are much more interested in that question than they are in the personal interests of the publisher or the political aspect of the case from the standpoint of the politician.

Let us then consider this question purely from the standpoint of the national interest.

Canadian magazines have no protection. They are subjected to the keenest competition from United States competitors, and yet they must pay higher prices for all their raw materials due to duties and taxes which they pay but which are not levied on their foreign competitors.

Is there any other industry in Canada so handicapped?

Could boots and shoes be made in Canada if the Canadian manufacturers had no protection on the finished product but had to pay a higher price for all their raw materials?

Could motor cars be manufactured in Canada on such a basis?

Binder twine comes in free of duty and the Canadian manufacturers are permitted to bring in all their raw materials and machinery free of all duties and taxes.

You referred specifically to drawback of 50 per cent of duty on book paper.

Our four magazines with general circulation — "Maclean's," "Chatelaine," "Mayfair" and "Canadian Homes and Gardens" — used last year book paper to the value of $312,600.00. Our United States competitors would have purchased this paper in the United States for $246,438.00. That is, we were required to pay $66,162.00 more for our paper than our United States competitors.

We showed a net loss on publishing these four magazines during the year 1935 and the preceding five years. Our audited figures to the Income Tax Department at Ottawa will verify this statement.

We have made money on other branches of our business, but have year by year been making large investments in an effort to establish general magazines of large circulation in Canada, feeling sure that some Government would see that magazines in Canada would have these unfair handicaps removed and would be given fair play.

During these past five years when our greatest problem in Canada has been unemployment you might be interested in learning what these four magazines have done in this connection.

We took this $312,600.00 worth of paper — our chief raw material. We processed it; gave employment to editors, salesmen, printers, pressmen, bindery workers, office help, and indirectly by purchases of engravings, ink, etc., and spent in all over $1,500,000.00.

For every dollar of paper we bought we spent four dollars giving employment to Canadians.

Other manufacturers have done this, but has any manufacturer been called upon to pay higher prices than his foreign competitor for all raw materials owing to duties and taxes and at the same time receive no protection on his finished product?

The duty on our book paper is now 22½ per cent. There is also a 3 per cent excise tax and higher freight rates from United States mills of over 7 per cent; 32½ per cent in all.

The drawback of 50 per cent of duty, or 11¼ per cent, still leaves 21¼ per cent differential. The 50 per cent drawback therefore means very little in actual saving to the publisher.

Canadian magazine publishers, with no protection, should not be asked to pay the difference in price that this entails.

The Canadian public want Canadian magazines. The four magazines mentioned above have nearly 600,000 subscribers, or over 2,000,000 readers. These are the people who are being penalized. If Canadian magazines are not discriminated against in their own home market, they can give these readers still better service.

You have always been a keen Empire builder. We supported you strongly on many policies you enunciated for developing Empire trade. United States magazines are continually showing the opportunities that exist in their country. They are quite rightly playing up American ideals and American personalities. There can be no objection to Canadians reading these magazines, but is it not essential that we produce magazines in Canada which will deal with our own problems and accomplishments? We do not want our young people to grow up knowing more about the United States than they do about Canada and the British Empire.

There are many forces working for disintegration in Canada. National magazines have performed an important service in showing our common interests.

Yours very truly,

H. T. Hunter President,
The MacLean Publishing Company, Limited.

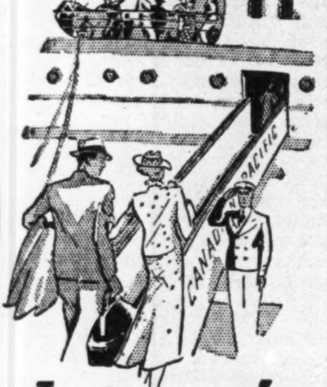
Goderich Elevator to Pay Bonus of 15 Cents a Share

In addition to its regular semi-annual dividend of 25 cents a share payable July 2, Goderich Elevator and Transit Company Ltd. has declared a bonus of 15 cents a share. The extra payment has been made possible by the improvement in the company's earnings, profits in the year ended March 31, 1936, being equivalent to 83 cents a share, compared with 15 cents a share in the previous year. Both disbursements are payable to shareholders of record June 15.

CANADIAN
FUND

Prospectus and annual report of Canadian Investment Fund, Ltd., obtainable from your own investment dealer.

CALVIN BULLOCK, LTD.



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Forty-two Straight

Uninterruptedly, since 1894, Investors Syndicate has paid every dollar of its obligations promptly when due.

Not only that, Investors Syndicate resources have increased annually, without exception, for forty-two straight years.

Send for a copy of our latest published financial statement which will supply you with additional information.

RESOURCES
$76,919,546.57
As of March 31, 1936

INVESTORS SYNDICATE

Established 1894

Offices in Winnipeg, Calgary, Edmonton, Regina, Vancouver. Offices of Investors Syndicate, Ltd., in Montreal, Toronto, Hamilton. Affiliated with Investors Syndicate, Ltd., Montreal, and Investors Syndicate Title & Guaranty Company, New York. *Home Offices:* MINNEAPOLIS, MINN.

"LIVING PROTECTION"

Bond Markets

Lower Bank Interest Would Bolster Bonds

Bond Trading Continues Dull — Nova Scotia Undertakes First Major Financing of Recent Weeks

General quietness continues to pervade the bond market. The confused political situation in Europe and apprehension with regard to possible abandonment of the gold standard by France have made investors hesitant about making commitments.

Softness of the market has delayed plans for a number of refunding issues, including conversion of Toronto Harbor Commissioners 4½ per cent debentures.

Proposals to reduce the rate on bank deposits from 2 to 1½ per cent would tend to inject new strength into the bond market. The spread between earnings on bank deposits and on government bonds would be widened to the advantage of bonds.

An indication of the large demand for short term securities is the price of 101.03 secured by the city of Kingston for $57,500 of 2½ per cent 5-year serial debentures. This gives an average cost basis to the city of 2.10 per cent.

The offering of $750,000 of general mortgage bonds of Hamilton By-Products Coke Ovens to yield over six per cent should prove attractive to investors. Earnings after depreciation have covered interest requirements by a good margin in recent years. The reason for the substantial yield is that the bonds are a second mortgage.

The province of Nova Scotia offering of $4½ millions of 3¾ per cent 20-year serial bonds, will, it is expected, find a ready market.

Alberta is proceeding with its refunding plans and hopes to have the conversion completed by the end of June. Announcement to this effect resulted in a further decline in prices for Alberta bonds. However, the significance of the Aberhart-Dunning talks at Ottawa is that some plan may yet be devised to modify Alberta's scheme.

International Transactions

INTERNATIONAL trade in securities between Canada and other countries was much lighter in March than in the first two months of the year. Total sales and total purchases both declined. The reduction in the month's trading was principally between Canada and United States, the total trade between Canada and Great Britain being only slightly lower in March than in February.

Reducing the Dominion Bureau of Statistics figures to their simplest form, it appears that outsiders took $4.2 millions of securities out of Canada in March, compared with a net take of $10.5 millions in February. In the first quarter of this year, outsiders bought a net amount of $38.7 millions of our securities, whereas in the same quarter in 1935 they sold a net amount of $4.4 millions.

* * *

Interest Rates

A CONSIDERABLE difference of opinion exists as to the probable trend in interest rates.

While some investment firms have been advising their clients to leave their funds in the bank for the present, feeling that there will be an increase in interest rates in the not too distant future, indications are that present low rates will continue for some time and may even decline further.

Announcement has been made that a further reduction of interest on bank accounts to 1½ per cent on June 1 is under consideration. If the reduction is put into effect it should release additional funds for investment in securities. Since there is already a large surplus of investment funds it is possible this will result in a further decline in bond yields.

On the other hand, it may bring about a rise in interest rates sooner than would otherwise have been brought about. It is hardly likely that interest rates can decline further without creating a demand for new funds for industrial purposes, which must develop before interest rates will rise.

* * *

Market Trends

HIGH-GRADE government bonds continue steady despite the dull trading of recent weeks.

In the industrial market there has been evidence of softness. Price changes, however, have been fractional.

The market for western provincial bonds is again showing signs of weakness. After regaining considerable lost ground, the bonds of the western provinces have eased off during the past week. This is particularly true of Alberta and British Columbia bonds which have declined from 1 to 2 points.

The trend of the high-grade bond market is indicated below:

The Financial Post Average Yield and Price For High Grade Government Bonds

1936	Yield %	Price $	1935	Yield %	Price $
May 19	3.284	114.64	May 20	3.481	113.48
May 18	3.284	114.65	May 18	3.470	113.57
May 16	3.286	114.60	May 17	3.470	113.57
May 15	3.286	114.61	May 16	3.477	113.49
May 14	3.280	114.68	May 15	3.486	113.41
May 13	3.277	114.71	May 14	3.486	113.41
Year's	3.277	114.71	Year's	3.367	114.97
Range	3.597	111.50	Range	4.097	106.57

Bond Redemptions

Bond Issues:	Rate	Year	Date	Price
Ontario Steel	6%	1943	July 1	110
Robt. Simpson	5%	1952	July 1	105
Imperial Realty	6%	1945	July 1	102
Catholic Epis. Corp. Timiskaming†	5½	1932-56	July 2	101
B. A. Oil	5%	1945	May 29	103
Dom. Canners	6%	1940	Oct. 1	110
Can. Realty	6%	Serial	June 1	105
Saguenay Pr.	6%	1966	July 1	104½
Can. Canners	6%	1950	July 2	105
St. Law. Flour	6%	1941	July 1	110
Maple L. Asbestos	7%	1944	June 1	102
Digby Gen. Hospital	6%	....	June 1	101
Famous Players	6%	1948	July 1	103
Do.,	6½%	1948	July 1	103
Inter. C. Baking	‡5½%	1948	July 1	103½
Do.,	•5½%	1948	July 1	103½

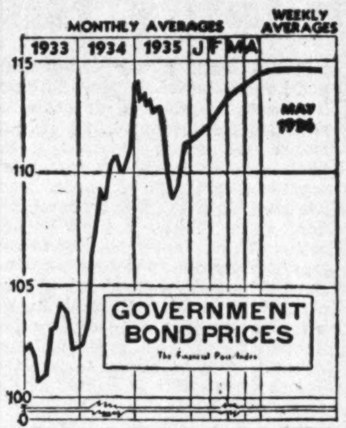
† $65,000.
‡$36,000 for sinking fund purposes.
•$164,000 called under redemption provisions.

Stock Issues:	Rate	Stock	Date	Price
Brant. Cordage	8%	Pref.	July 15	102

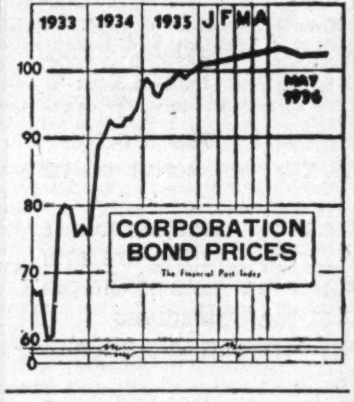
Religious Issues

Synd. Paroisse Saint-Pierre du Lac, Val-Brillant, 5%, June 1.■
Religieux Ste. Croix, $485,000, 5½%, June 1.†
Diocese of Alexandria, émission $37,000, échéance 1936 à 1951, 5½%, June 1.*
Dominic. ou Frères Prêcheurs, Montréal, émission $85,000, 1934, 5%, June 1.†
Sisters of Charity, Qué., 5%, July 1.*
Fab. Sainte-Thérèse de Blainville, émission juillet 1925, 5%, July 1.*
Pères Eudistes, de la Province de Qué., émission $130,000, 5%, July 1.†
Sisters of Charity of Saint-Louis, Bienville 5½%, July 1.†
Fab. Saint-Jean Damascène, Montréal, émission 1930, $85,000, 5½%, July 1.▲
Diocese of Timiskaming, émission $65,000, 5½%, 1932-56, July 1.†
Notre D. Hospital, Montréal, 5½%, Oct. 1.▲
Le College de Notre D. Cote des Neiges, 5½%, 1936-52, June 1.†

*Price 100; ▲102; †101; ■100½.



GOVERNMENT BOND PRICES
The Financial Post Index



CORPORATION BOND PRICES
The Financial Post Index

Public Utility Earnings

Southern Canada Power

April:	1936 $	1935 $
Gross revenue	177,545	175,610
Operating expenses	74,898	70,563
Net revenue	102,647	105,047
Seven Months:	1936 $	1935 $
Gross revenue	1,258,050	1,259,092
Operating expenses	514,009	502,124
Net revenue	744,041	756,968

Brant. Cordage Redeems Stock

Official notice has been given that first preferred shares of Brantford Cordage Co. will be redeemed at $30 each next July 15. Payment can be obtained on or before that date at The Bank of Nova Scotia, Toronto.

A. E. Ames & Co., Toronto, will offer a new issue of 40,000 preferred shares of $25 each in the near future to provide for part of the funds for the redemption. The shares are to carry annual dividends of $1.30 a share. The new shares will first be offered to present shareholders, except to those in the United States.

Dividends Declared

	This payment	Date payable	Date of record
Andian National	$1+$1	June 1	May 20
Agnew Surpass, pf.	$1.75	July 2	June 15
Anglo-Huronian	20c	June 12	May 30
Ang.-Can. Tel., A	12½c	June 1	May 15
Bk. of N. Scotia	$3	July 2	June 15
Brazilian Tr., ord.	30c	July 15	June 5
Borden Co., c.	40c	June 1	May 15
Bk. Can. Nation.	$2	June 1	May 15
Belding Cort., pf.	$1.75	July 2	June 15
Do., com.	$1	July 2	June 15
Bk. of Toronto	$2.50	June 1	May 15
Bunker H. Sull.	50+25c	June 1	May 15
Bank of Montreal	$2	June 1	Apr. 30
Beattie Gold	5c	June 1	May 15
Biltmore Hats, pf.	$1.75	June 15	May 15
Corr. P. Box, pf.	$1.75	June 1	May 16
Crows Nest Coal	†$3	June 1	May 15
Celanese of Am. pr. pf.	$1.75	July 1	June 6
Do., part. pf.	$3.50	June 30	June 16
Cosmos Imp. p. new	$1.25	July 15	....
Can. Bk. of Comm.	$2	June 1	Apr. 30
Can. Vinegars	30c	June 1	May 15
Canadian Oil, pref.	$2	July 1	June 20
Confederation Life	$1	June 30	June 25
Cons. Div. Std. Sec. pf.	25c	June 15	June 1
Catelli Food, pf.	‡38c	June 1	May 22
Catelli Mac., A pf.	$2.50	June 10	May 22
Corp. Investors, c.	5c	May 15	Apr. 30
Can. Gen. Elec.	$1.25	July 1	June 13
Dom. Scott. Inv., pf.	75c	June 1	May 20
Do., arrears	25c	June 1	May 20
Dome Mines	50c	July 20	June 30
Do., extra	50c	July 20	June 30
Dom. Coal, pf.	38c	July 1	June 15
Dom. Bank	$2.50	July 2	June 20
Electrolux	40c	June 15	May 15
Do., extra	10c	June 15	May 15
Falconbridge N.	7½c	June 25	June 4
Goderich Elev.	25c	July 2	June 15
Do., bonus	15c	July 2	June 15
Hudson Bay Mining	50c	June 29	May 29
Imperial Oil	25c	June 1	May 15
Do., extra	37½c	June 1	May 15
Inter. Mining	15c	June 20	May 29
Inter. Petroleum	75c	June 1	May 22
Do., extra	50c	June 1	May 22
Inter. Nickel, c.	30c	June 30	June 2
Laura Secord	75c	June 1	May 15
Loew's London, pf.	35c	May 30	May 16
L. of Wood Mill. pf.	$1.75	June 1	May 15
Loblaw Groc., A	25c	June 1	May 12
Do., B	25c	June 1	May 12
Lake Shore Mines	$1	June 15	June 1
Moore Corp., c.	25c	July 2	June 10
Do., pref. A	$1.75	July 2	June 10
Do., pref. B	$1.75	July 2	June 10
Montreal Loan	50c	June 15	May 30
McIntyre Porc.	50c	June 1	May 1
McColl-Fron., c.	20c	June 15	May 15
McKinley Mines	2½c	June 1	May 15
McKenzie R. L.	‡3c	June 15	June 1
Nat. Grocers, pf. arrears	$3.50	June 1	May 23
New M. Laund., p.	$1.62½	June 1	May 23
N. S. L. & Pr. pf.	$1.50	June 1	May 15
Nat. Biscuit, pf.	$1.75	May 29	May 12
Do., com.	40c	July 15	June 17
Ogilvie Flour, pf.	$1.75	June 1	May 20
Pioneer Gold, B.C.	20c	July 2	May 30
Pressed Metals	37½c	July 1	June 15
Reliance Grain, p.	$1.62½	June 15	May 31
Reno Gold M.	3c	July 2	June 10
Rolland Pap., pf.	$1.50	June 1	May 15
Royal Bank	$2	June 1	Apr. 30
Royalite Oil	50c	June 1	May 15
Do., extra	25c	June 1	May 15
Sher.-Williams, p.	■$1.75	July 2	June 15
Siscoe Gold	5c	June 15	May 30
Tuckett Tob., pfd.	$1.75	July 15	June 30
Union Gas	†10c	June 15	May 26
Ventures	‡2½c	July 2	June 15
Walker-Good.	50c	June 15	May 25
Do., pref.	25c	July 15	May 25
W.-Hargreaves	10c	July 1	June 10
Do., extra	5c	July 1	June 10

†Interim. ‡Initial. ■For quarter ended Aug. 31, 1934.

St. Benoit-Joseph Labre, P.Q., is paying interest on its bonds to May 1, 1936.

Municipal Finances

Brandon, Man., has requested the provincial municipal commissioner to investigate the city's affairs in order to ascertain the best procedure to be followed to place the city on a sound financial basis. The request followed the refusal of the municipal and public utility board to permit the withdrawal of $23,000 from sinking funds and substitution therefore of a like amount to new city of Brandon bonds.

* * *

Grand-Baie, P.Q., is paying interest on all its bonds to May 1, 1936.

* * *

Moose Jaw, Sask., tax collections in 1936 to April 30 totalled $204,265, an increase of $56,143 over the corresponding period of 1935. Bank loans at April 30 were $490,892, compared with $569,800 at April 30, 1935.

* * *

Montreal, P.Q., 1934-35 financial statement has not been made public because the city auditor has refused to sign it otherwise than subject to "certain reservations." It is understood that the report, with the auditor's comment, has been sent to the Quebec Municipal Commission in the hope that that body may be able to straighten out the tangle.

* * *

Oshawa, Ont., tax collections for the first 4 months of 1936 amounted to $529,836, compared with $528,783 for the same period of 1935. Tax prepayments increased while receipts of arrears declined.

* * *

Outremont, P.Q., reports a surplus of $4,661 for 1935 as a result of stringent economy and careful administration. Total revenue for the year was $915,850 and expenditure $911,188.

* * *

Regina, Sask., sinking fund holds $736,100 of investments which are in default. These, for the most part, are debentures of school districts, rural telephone companies and municipalities. Total assets of the sinking fund amount to $6.9 millions.

* * *

St. Boniface, Man., has made representations to the Manitoba government to the effect that it will be unable to meet the increased cost of relief resulting from the 15 per cent cut in the grant of the Dominion government.

* * *

Waterloo, Ont., reports a profit in 1935 of $6,296 on its public utilities. In the electric department, a profit of $6,245 is shown and in the water department $1,646. The gas department, however, had a loss of $603.

* * *

Windsor, Ont., has been urged by the Windsor Finance Commission to take steps to reduce its relief costs so that it will not be necessary to impose a special 4-mill tax levy to take care of the relief deficit. It is pointed out that the deficit will be $428,000 if the provincial grant is reduced, or $317,000 if there is no reduction in the grants. Windsor has the highest relief allowances in the province although it is the least able to pay these costs, the letter of the finance commission states.

Bond Sales

Kingston

The city of Kingston, Ont., has sold $57,500 of 2½ per cent 5-year serial debentures to Harrison & Co. at a price of 101,03. The cost basis to the city is 2.10 per cent. The excellent price received reflects the demand for short term securities and Kingston's high credit rating. A total of 13 bids were submitted, the spread between the high and low being only 1.48 points. Bids were as follows:

	Bids
Harrison and Co.	101.03
Dominion Securities Corp.	100.92
McTaggart, Hannaford, Birks & Gordon	100.80
Griffis, Fairclough & Norsworthy	100.77
R. R. Chambers	100.70
Bell, Gouinlock & Co.	100.61
Wood, Gundy & Co.	100.38
Bank of Montreal	100.28
A. E. Ames & Co.	100.25
Mead & Co.	100.025
R. A. Daly & Co.	99.86
J. L. Graham & Co.	99.757
Dyment, Anderson & Co.	99.55

* * *

Treasury Bills

The Bank of Canada has announced the sale of $20 millions of Dominion of Canada treasury bills, maturing August 15. The bills were sold at an average discount price of 99.77462, which gives an average cost to the government of 0.896 per cent. This is a slight decrease in cost from the sale made on May 1 when the average cost was 0.920 per cent. It is the second lowest cost yet obtained, being slightly higher than the average cost of 0.879 per cent for $25 millions of bills sold on April 15.

Toronto Seat up $8,000

A membership on the Toronto Stock Exchange was sold this week for $63,000, an increase of $8,000 over the last sale at $55,000 on April 28. Prior to that a sale had occurred at $50,000.

Activity on the mining section is believed responsible for the recent rise in seat values.

Bond Tenders

4 p.m., May 27, Arvida, Que.—$450,000, non-callable coupon bonds, 4 per cent, dated June 1, 1936, redeemable serially from June 1, 1937 to June 1, 1961. J. A. Frechette, sec.-treas.

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

	Date Sold	Sold to	Rate	Due	Amount	Price	Yield
Municipal—							
Kingston, Ont.	May	Harrison & Co.	2½%	5-ins.	$57,500	101.03	2.10%
Dominion—							
Canada Treasury Bills	May		...	Aug. 15, '36	20,000,000	99.77	.896%
Provincial—							
Nova Scotia	May 19..	Wood, Gundy & Co., and Syndicate	3¼%	1956	$4,579,000	*99½	3.28%

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Bond Issues—							
Soeurs de Saint-Joseph du Diocese de Toronto	May	Harris MacKeen & Goss	4%	1939-56	$509,000	100.00	4%
La Congregation du Tres Saint-Redempteur	May	Harris MacKeen & Goss	4%	1940-51	160,000	100.00	4%
Brothers of the Sacred Heart	May	Comptoir Nationale de Placement & Synd.	3½% 4%	1937-46 1947-54	295,000 585,000	....	... ...
Hamilton By-Products	May	W. C. Pitfield & Co., and Syndicate	6%	1956	750,000	99½	6%
Stock Issues—							
Arrowhead Gold Mines	May	Duncanson, White & Co.	...	......	300,000 sh.	30c	...

* Offering price.

DOMINION BATTLESHIP LINOLEUM

A CUSTOM-BUILT FLOOR THAT SAYS TEXTILES

Let your surroundings reflect the individuality of your business—put your floors in "character". Your trade-mark or emblem—any design you create—can be reproduced faithfully and in colour with Dominion Battleship Linoleum. This noise-reducing floor-covering lowers maintenance costs. It is available in 19 different shades and effects and when laid according to our specifications carries a 5 year guarantee.

SURPRISINGLY INEXPENSIVE

Consult a specialist; your house furnishing store or a floor covering contractor will gladly submit designs and prices for a new, custom-built Dominion Battleship Linoleum floor.

DOMINION OILCLOTH & LINOLEUM CO. LIMITED MONTREAL

We Offer: $50,000

KINGDOM OF NORWAY

4¼% Sinking Fund Bonds
MATURING APRIL 1, 1965
PAYABLE IN LAWFUL MONEY OF THE UNITED STATES
PRICE: — 96.50 AND INTEREST, CANADIAN FUNDS.
TO YIELD 4.47%.

THE KINGDOM OF NORWAY has shown widespread recovery from the depression conditions of 1931. The Government was able to show a surplus in 1934, and financial conditions throughout the country compare most favorably with those of the Dominion of Canada.

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MONTREAL 25 KING STREET WEST WINNIPEG
TORONTO, CANADA
TELEPHONE: ELGIN 2236

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TORONTO, ONT.

Owning and operating mills at

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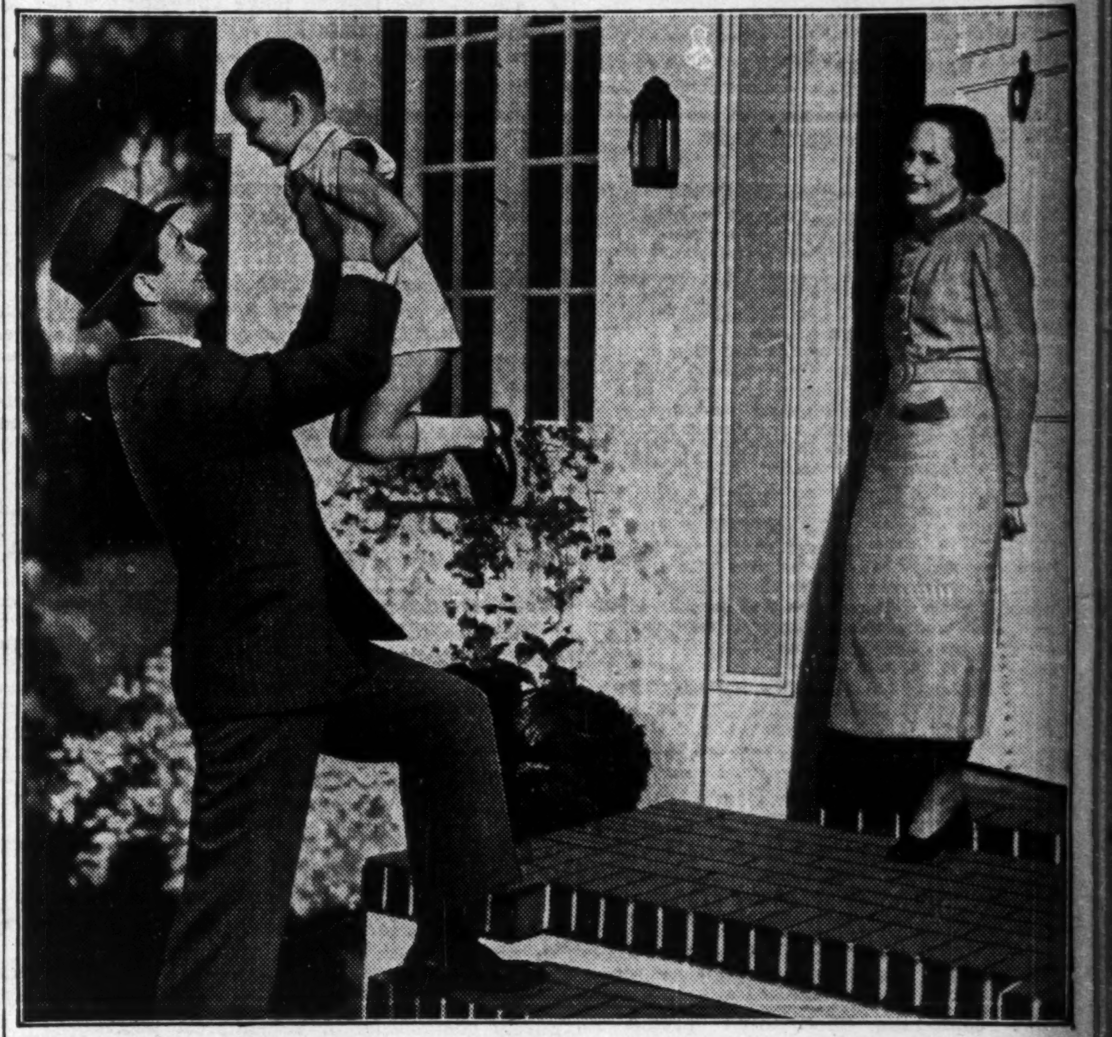
Sturgeon Falls, Ont.
Espanola, Ont.
Pine Falls, Man.
Sault Ste. Marie, Ont.
Iroquois Falls, Ont.
Smooth Rock Falls, Ont.
Fort William, Ont.

Daily Capacity 2,200 Tons Newsprint
Groundwood Pulp News Sulphite Pulp
High Grade Bleached Sulphite Pulp



What Life Insurance Means to Canadian Homes

IT means the payment of $500,000 every day—to keep homes intact and families united.

It means funds to pay off the mortgage.

It means that countless families will not be dependent upon private charity or public relief.

It means that thousands of men and women can look forward with confidence to enjoying their own homes in later life.

It means money to pay the rent in homes deprived of their bread-winners.

It means that the widows and fatherless will continue to have the shelter and comfort of their homes.

Life Insurance, by safeguarding the small savings of more than 3,500,000 thrifty Canadians, is truly the "Guardian of Canadian Homes".

L-4GX

Life Insurance

Guardian of Canadian Homes

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TORONTO, MAY 23, 1936

The Efficiency of Industry

HOW is the efficiency of any industry to be measured? In a letter to the editor appearing on this page, R. J. Deachman, M.P., thinks the test is its capacity to pass on to the public, in lowered selling price of the commodity produced, the gains from technical and mechanical improvement in the means of production. He cites Alfred P. Sloan, president of General Motors, in support of this statement.

Mr. Deachman could find other authorities to quote. At the conclusion of its great study of income and economic progress the Brookings Institution of Washington argued that industry must find the way to lower prices progressively in order to increase and diffuse purchasing power.

Recently President Roosevelt jibed at those who thought that lower prices would increase purchasing power but within a week he was quoting Walter P. Chrysler in a statement which made it clear that mass production methods in industry had put motor cars within reach of nearly every workingman.

Not long ago in the Revue des Deux Mondes, of Paris, André Siegfried reported his impressions of the present condition of the United States following an intimate survey of that country under the New Deal. He said:

> "The axiom that mass production must cater for the masses was discovered by Ford after the war—indeed by the whole motor car industry. Ford's policy, which one cannot praise too highly for its daring, its vision and simple wisdom, had to be completely different. He reduced the cost of production by increasing its volume—like the trusts—but he allowed the public to profit by the reduction by doggedly and systematically diminishing his sale price. At the same time he increased wages to a maximum compatible with his output, or at least maintained them even during a depression, in order to raise the standard of living of the masses, and therefore the purchasing power of the country. Although American industry pays high wages they do not weigh heavily on costs, for its organization, mechanization, and the standardization of its mass production result in complete efficiency on the part of the workers. In no other country in the world is labor so well paid as in the United States, and yet motor-cars are cheaper there than anywhere else, so almost everyone is able to buy a car.
>
> "Ford has taught us that industry should try to increase the purchasing power of the people by offering low prices, and that the more prices decline the more the public can buy."

M. Siegfried and Mr. Deachman would find it easy to agree with each other as to the United States and Canada. Industries that are "wedded to the conception of fixed prices, guaranteed by combines and tariff protection," do not represent the true spirit of industrial progress on this continent. Rather that spirit is represented by the Ford philosophy; the spirit of combining mechanized production, lower prices and higher wages to enhance and diffuse mass buying power.

Taxes and Capitalism

I WOULD not myself take too grave a view of a statement made in a moment of enthusiasm," said Stanley Baldwin the other day.

Canada did not rock from coast to coast when Mr. Bennett said that this country could not stand the increase in the sales tax from 6 per cent to 8 per cent and that he could conceive of nothing more disastrous to the capitalist system. Two per cent added to the cost of nearly everything the people buy will not by itself destroy a nation or a social system.

The government has to raise a great deal of money because it is spending a great deal of money. It is spending less money than it would be spending if it had not decided to abandon Mr. Bennett's own New Deal programme, which, readers will recall, the Conservative leader presented as the only means of saving the capitalist system. Had that programme been gone ahead with the sales tax might have had to be raised still another two per cent. Thus we would have had presented to us the curious spectacle of one government destroying the capitalist system by imposing taxation to pay for a previous government's plan of saving the capitalist system by reforming it.

Mr. Bennett's statement was just another of those hyperboles with which the great statesman from Calgary is wont to embellish his political utterances.

Yet if one may shift from the exact statement made by Mr. Bennett to the real point that he probably had in his mind, it is difficult to disagree with him. For what Mr. Bennett evidently wanted to emphasize was that if governments keep on piling up expenditures, imposing new and increased taxation and thus diverting a steadily enlarging share of the national income from production into channels of government spending, as distinct from channels of individual spending and saving, they will ultimately bring us to the point where Capitalism no longer can exist. What we will have may be Socialism, it may be Communism but it will not be Individualism, it will not be Capitalism, it will not even be Democracy. It will be the dictatorship of the state and the state will be synonymous with the particular handful of politicians who happen at the moment to occupy the thrones of the dictators.

Two per cent added to the sales tax will not destroy Capitalism any more than a single handful of straw will break a camel's back. But that two per cent added to the previous six per cent, added to rapidly rising land taxes and income taxes and amusement and death taxes and gasoline taxes and stamp taxes and all other kinds of taxes, have in them the power of destroying Capitalism and destroying a great many other things along with it.

There was a time when government was not an end in itself; when people set up governments in order that they would not be interfered with in working to enlarge their lives. Rapidly we are reaching the point where government will be the primary aim of life, with the effort for human sustenance and advance occupying whatever small amount of time is left over.

What Does Mr. Aberhart Mean?

PREMIER WILLIAM ABERHART of Alberta continues to make statements so contradictory as to leave the average observer of these sayings in utter confusion. Recent examples are:

> "We are calling a halt to the interest racket."
> —*Premier Aberhart, on Sunday, May 10.*

* * *

> "Payment of interest will always be our first consideration, because we realize that many people are wholly dependent on interest."—*Premier Aberhart, on Wednesday, May 13.*

Possibly the explanation is that the Sunday statements are intended only for local consumption. In stating that payment of interest will be the government's first consideration, Mr. Aberhart recognizes that the holders of Alberta bonds are not people of great wealth but persons of comparatively modest means, even though in some cases they may be represented by large institutions who administer their investment for them.

Can it be that Mr. Aberhart is just doing his best to serve two masters?

Economics of Traffic Smashes

PROSPECTS that motor car traffic will rise to new peaks in number and density during the coming months indicate a new pressing need for this country making much more headway in the control of traffic accidents than has been accomplished hitherto.

Feeling that we cannot wait for better highways to give us the solution to this problem, and that the "horror campaign" is a decided negative approach, Paul G. Hoffman, president of Studebaker Corporation and a leader in highway safety work on this continent, has brought forward the interesting suggestion of a campaign of education appealing to individuals from a purely commercial or self-interest point of view.

He points out that the life expectancy of a boy of 16 just starting to drive is about 5 years, during which period he will drive approximately 300,000 miles. During the half-century, if there is no improvement in street and highway systems, and he continues to drive rather carelessly but without being deliberately reckless, he has one chance in 67 of being involved in a fatal highway accident, and one chance in 186 that he will be killed as a pedestrian. Bringing these two together, the probability of death in a motor vehicle accident either as occupant or pedestrian, is one chance in 49.

The expectancy figures on good drivers are not so complete, but from the record of commercial bus operators and drivers of big commercial companies who pride themselves on their excellent records, good driving can reduce this accident hazard by about 84 per cent.

When it is realized that on the basis of U. S. figures for every $1,000 invested in automobiles another $599 has to be dug up to pay the cost of automobile accidents; when it is realized that actual experience in communities which have undertaken to co-ordinate and educate on safety matters has done such things as cutting the death rate from highway traffic accidents from 23.5 per 100,000 to 2.9 in less than a decade, the need of action and the force of Mr. Hoffman's constructive approach is obvious.

Add Public Enemies

THE common man might well plead today to be saved from those who most loudly profess to be his friends.

To the long list of Public Enemies there might be added a few more groups.

There are the Wealth Redistributors. Their formula is to divide up wealth by taxing it out of existence. But taxation never succeeded in dividing up anything but poverty. The power to tax is the power to destroy; it has of itself no power to create.

There are the Nationalizers. They wish to swallow up our failures in government operation of railways, farm loan schemes, savings banks, etc., by venturing into still larger enterprises. If they have their way there will ultimately be only two classes in society, the politicians and the people who pay them.

There are the Confiscators and the Repudiators who think that honor and public credit are shibboleths of a forgotten social religion. They argue that any action that drives down the price of the bonds of a nation or a province or a city will be helpful to the taxpayers when the government has to borrow again in the open market.

There are the Regimenters. They feel that the cause of social justice and individual security will be advanced further by three readings of a bill setting up a new bureaucratic commission than by the sincere and honest efforts of socially-minded enterprisers.

There are the Jingoes, who arouse national passions and create wars for common men to fight and pay for, and common women to weep over.

There are the Authoritarians, who would deprive us of personal liberty and submerge the individual in an all-powerful, autarchic state, which simply means binding everyone in serfdom to personal dictators.

From all such, may the world be delivered in good season.

Who Owns the Whisky?

CANADIAN liquor interests have settled with Washington for a nominal fee of $3,000,000. This was to be expected if the stories that have been going round for the last three or four years in political circles at Washington may be trusted.

The story is that certain very highly placed Democratic politicians had become heavily interested in, if they did not control, some of the large Canadian whisky groups, and it was their influence that brought the reduction in the U. S. import duty.

Roosevelt bluffed the Canadian officials into making a number of undesirable concessions in return for the cut in whisky duty. The Canadians fought strongly for this cut in whisky not knowing who were the real owners.

Editorial Notes

Last of the major criminals of the United States is now in prison. How long does it take to raise a new crop?

* * *

After spending billions on attempting to create work, the administration at Washington is said to have concluded that pumping money in at the bottom will not solve unemployment. The jobs must be found by industry and after the election Roosevelt intends to re-orient his jobs programme accordingly.

* * *

The Western Producer, of Saskatoon, rages violently when anyone criticizes the wheat pools. It accuses all critics of the pools of being subsidized by "the big interests." The Producer was naturally very strong for the $6 millions political handout by Ottawa to the pools and has been fulminating with abusive criticism of those who questioned it. It claims that what it is concerned with is "the farmer and his family in his home." "Whatever else exists—cities, factories, railroads—is at best ancillary to farming and at worst a predatory parasite upon it." Those are strong and sulphurous words but typical of the Western Producer, which speaks for no one except the small group of political exploiters who ruined the western pools through selfish and unsound policies. As for its support of the government's handout to the pools, would the Producer admit that it may have been influenced by the fact that a substantial part of the money goes to pay for certificates of indebtedness which pool farmers gave on account of their subscriptions to the Producer? This money goes to the Producer and not to the farmers. Has the Western Producer written down these obligations as it asks loan companies and other creditors to do with theirs?

Post-Scripts

Maybe He Didn't Advertise

IT WAS about this time of the year when the head of one of the largest Canadian paint companies decided to "paint up—clean up." A contract was given to put a new coat of paint on the iron fence surrounding his property. The morning the job started, the paint company president went out to see how the men were getting along. To his surprise he saw they had opened a number of new cans of his principal competitor's product.

"Why are you using that paint?" he demanded, and then went on to say that he wanted his own company's paint used.

"Well," said the contractor, who was unaware of his client's connection with the paint industry, "I know this paint and can guarantee the job, but if you insist on using this other brand, you'll have to accept the responsibility."

Sayings of the Week

"The Canadian seems to combine a wonderful British character with unique American efficiency."—*Dr. Tokoyiko Kagawa.*

* * *

"Competition between insurers is largely responsible for the present high ratio of expense, loaded on the premiums charged the public."—*B. Arthur Dugal, Superintendent of Insurance for Quebec.*

* * *

"Nations are as predatory, as cruel, as conscienceless as ever they were."—*Senator George Lynch-Staunton.*

* * *

"The state in taxing must be careful not to dry up the sources of future wealth. Many a nation has been ruined by excessive and unjust taxation and wasteful expenditure." — *Prof. Edwin R. A. Seligman.*

* * *

"If war broke out tomorrow and Canada had to take a part, this government would soon get all the money required."—*John R. MacNicol, M.P.*

* * *

"Canada backed out of Locarno. It now remains for Mussolini to take what he wants. No doubt Germany will get Austria and her colonies next."—*T. L. Church, M.P.*

* * *

"I am the admiral."—*Hon. William Duff, in the Canadian senate.*

* * *

"We offer the national dividend as an alternative to subsistence farming, sweated labor, tight belts, bankruptcy, lunacy, suicide and war." —*Norman Jaques, M.P. for Wetaskiwin, Alta.*

* * *

"Because of the national control of its working class, Russia is the greatest factor for peace in the world."—*Angus MacInnis, M.P. for Vancouver East.*

* * *

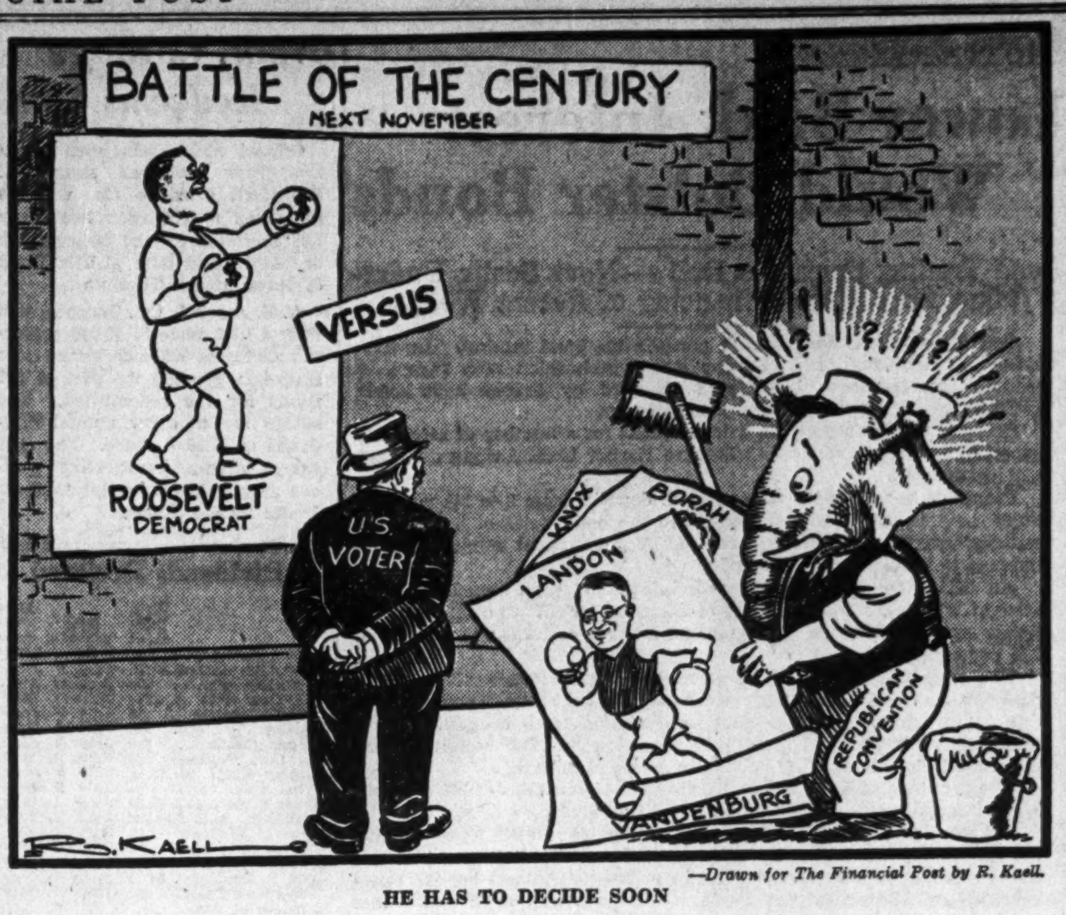
"Democracy is an attempt to deal with universal envy by means of social equality."—*Bertrand Russell.*

* * *

"In the budget there is a strange subservience to the code of that stratum in our country's life which we call big business."—*J. S. Taylor, M.P. for Nanaimo.*

* * *

"The president has advised our young men and young women to dream dreams and to see visions. I have advised them to wake up."—*U. S. ex-President, Herbert Hoover.*



—*Drawn for The Financial Post by R. Kaell.*

HE HAS TO DECIDE SOON

"Foxy" Landon's Rise

An exceptionally shrewd political observer, of seasoned understanding, writes The Financial Post from Washington that the United States election is not "in the bag" for Roosevelt. There is confirmation for this view. One of those public opinion research organizations, which now flourish so plentifully across the border, has discovered that if only 300,000 voters, located in a handful of key states, were to switch from Roosevelt to Republicanism, the G. O. P. candidate would win. The United States electoral college system sometimes works in that curious way.

This focuses attention on the Republican candidate. He will be chosen next month at Cleveland, and chosen, it now appears, almost on the first ballot. No more clever "build-up" has ever been given any political candidate than that put behind Alfred Mossman Landon, Governor of Kansas, known variously as "Alf Landon," "The Kansas Coolidge," and "Foxy Landon."

What Landon Must Do

Landon may be president of the United States from 1937 onward. To get the job he will have to defeat the strongest political machine the Democrats have ever built, outshine the most brilliant political personality who has sat in the White House since the last Roosevelt was there, and induce the Republican party to put more fight into its campaign than many of its leaders are willing to inject.

There is a strong conservative wing of the Republican party that is in favor of letting the election go to Roosevelt by default, feeling that the nation-wide political machine that the Postmaster-General "Jim" Farley has built up is too strong to crack up before November. The strategy proposed by this group is to concentrate on the House of Representatives and win a majority in that branch of Congress. This would give the nation four years of deadlock — which may be just what it needs by way of a breathing spell — and give the Republicans a chance to modernize their own machine. The big fight would be staged in 1940 when it is hoped Roosevelt would be swept out of the White House in a landslide vote that would establish the Republicans in office in nearly every part of the country.

Emotional Tidal Wave

The proposed strategy does not look logical on paper. It forgets that the strongest influences in U. S. history have been emotional. Roosevelt has made plenty of mistakes and Landon has made none. The tide is toward Landon. If it keeps on swinging his way he will be a legend before fall. Some American presidents are elected by an intricately organized political machine; some are swept into office on an emotional tidal wave. There is some organization behind Landon, but up to now it is organization of the home-grown Kansas variety, shrewd but provincial. If he is elected it will be because the country is ready to reject Roosevelt, and as an incident of such rejection will be happy to select as leader a man who is merely one of themselves.

What sort of a man is Landon? One Washington authority, independent in politics, and rather cold-blooded in his size-up of politicians, writes The Financial Post: "I have no very great confidence in him. He is a very provincial person without marked ability."

This view is more or less confirmed by Landon's fellow Kansans. One of them, in an article in Harper's, reports Landon as having a good mind but with mental processes that are not spectacular. Another says he is "an ordinary man of no particular pretensions." He respects facts but is inclined in his expressions of opinion to reflect the middle class opinion of the moment. He has been played up chiefly as a budget balancer, and he has kept Kansas on a cash basis during the depression. But in doing it he has been aided by some $400 millions of Federal relief cash (which has made Roosevelt's budget deficit just that much larger). And he could not have thrown the Kansas budget out of balance if he had wanted to. The state's constitution severely limits the public debt and forbids the government to spend any money until it has provided for the tax to raise the cash. Landon's best achievement has been in forcing the municipalities to follow the same rules and to standardize their accounting systems.

He has been adroit in playing different groups against each other, and when faced with a political embarrassment has lived up to his college nickname of "Foxy" Landon by engineering a deadlock.

Landon Facts

The chief facts about Landon seem to be these:

He is 48, a college graduate, and a middle-of-the-road conservative. This means he is liberal to the liberal and orthodox to the orthodox. He would be an ideal choice for the title of Mr. Average American. He heads an average American family, speaks the average American dialect, has the average American provincial viewpoint.

He has plenty of money made out of oil, but it would be difficult to conjure up a scandal out of this. He goes to church but is not a regular attendant. He lives in a dry state but he does not attempt to drive out saloons and lets them flourish because he knows the Dry Law is unenforceable. At college he drank beer but now takes nothing stronger than coca-cola.

He has a practical mind, lives within his means, is extremely human.

He has no panaceas to offer but is reading up on economics and financial literature in the hope of understanding what the experts are talking about. His remedy for the depression is properly vague. It is merely to solve American problems "under the American system." He is no orator but is polishing up his radio voice to see if he cannot meet Roosevelt in the air. He is never embarrassed meeting people; he is "the common clay" and mixes freely.

Building a Boom

His personal friends who have engineered the Landon boom are not machine politicians, but shrewd native Kansans, one generation removed from New England. He leaves it to this group of competent, if amateur, political manipulators—most of them are newspaper men—to carry on the "build-up" operations. He does what they want him to do. He is photographed with books about Lincoln, bets nickels on ball games, trims his Christmas cards to save one cent postage on each, wears baggy pants, overalls or knee boots to please the workers, rides horses to get the upper crust following, smokes a pipe, combs his hair just enough and no more, shakes hands with everyone. In short, he never seeks publicity but sits back and lets publicity come to him. Twenty thousand flashlight bulbs could not drive away his smile, and Eddie Cantor himself couldn't make him laugh if the occasion called for a serious man.

In brief, Landon is "sound," honest, diplomatic, stubborn when need be but unaggressive when diplomacy is called for, shrewd, thrifty—a "natural" for the presidency of a people who like their leaders to be common folk like themselves.

As Others See Us

St. Thomas's Finances
St. Thomas Times-Journal

The Financial Post's placing of St. Thomas on its "Municipal Honor Roll" because of its improved financial position in the past few years and its determination on a policy of pay-as-we-go bears out what The Times-Journal said at the time of striking the tax rate—that there is more cause for cheer than despair in the city's financial outlook.

All Controllable
St. Catharines Standard

Out of every dollar of taxation by the Dominion, 62 cents of it is earmarked before it is ever received. In other words 62 per cent is listed as uncontrollable expenditure and The Financial Post points out this week that before any debt was incurred at all, it was controllable by Parliament. In fact, uncontrollable interest obligations are the result of controllable expenditures of the past.

Galt Folk "Dig Down"
Galt Reporter

From time to time officials at the city hall hear much favorable comment concerning Galt's financial position. Bond salesmen and others who are familiar with the financial setups in many cities frequently express surprise at the happy situation that exists here where tax arrears, relief costs, bank overdraft and debenture debt have progressively decreased while tax collections have steadily improved and the mill rate has remained unchanged.

Some good publicity for Galt is also to be found in this week's issue of The Financial Post, which under the heading, "Galt Folk Dig Down," reviews the manner in which the relief situation has been handled here in the past four years.

The Railway Pork Barrel
Windsor Star

Writing of Canada's problems from the viewpoint of a hard-hearted Scot from the Orkneys, Rev. John G. Inkster, of Knox Presbyterian Church, Toronto, presents an interesting opinion on the railways question. In The Financial Post, Dr. Inkster is quoted as saying:

"The railways must be given to realize that they must spend more brains and money getting freight and passengers and not so much money on engines, rolling stock, road beds and stations, steamboats and hotels. In other words the cost of carrying freight and passengers must both be reduced and made more expeditious. Railwaymen must waken up to the fact that the truck and bus are stealing their trade . . .

"I would suggest that the amalgamation of the two great roads be reopened and thoroughly considered apart from politics."

In those last three words, Dr. Inkster puts the whole railway situation in Canada in a nutshell. The Bennett Government was afraid to grasp the railway question for fear of losing the votes; the King Government is equally afraid to do anything positive for the same reason.

If Canada could get the railway difficulty out of politics for a year, great strides toward a lasting solution could be reported.

Now Comes Slate
Renfrew Mercury

The Financial Post of Toronto, seldom without something out of the ordinary in its columns, carried in its last issue an article relating to the mining of slate at Madoc, in which, or near which, Eastern Ontario village the same commodity was once before taken from the earth, and where gold also was found, attracting wide attention.

The Madoc community seems "slated" for some prosperous days; also it is evident that the political slate, long so common in Canada, is to have a namesake of more substantial quality.

Other People's Views

About Interest
Lethbridge Herald

And now we're going to abolish interest in Alberta.

It's very easy to work up a lather about this thing called interest. When one has borrowed to the hilt interest is a terrible thing. We imagine that's what's wrong with Alberta. We couldn't get there quick enough by working and saving so that we could pay on the dot, so we borrowed.

What did we borrow?

The answer is, "money, of course."

But behind the money, what?

The truth is that we borrowed goods and services which others had stored up. A farmer grew a thousand bushels more wheat than he needed, sold it for $500 or $1,000, and the Alberta government or some private individual came along and borrowed it. Perhaps the farmer needs that thousand bushels of wheat now in the worst way. But he can't get the money he loaned Alberta back, and now we're talking of doing away with the interest on it.

But if a neighbor farmer had come along and borrowed the 1,000 bushels of wheat in the spring, promising to pay him back 1,050 bushels in the fall, would that be a crime? Or if the farmer had bought a truck with the 1,000 bushels of wheat and his neighbor farmer borrowed it, paying him $1 a day for the use of it, would that be a crime?

Alberta may abolish interest. Alberta, in fact, can do almost anything it likes so long as the people who comprise the population of Alberta will stand for it. But when the smoke is all cleared away people will still be loaning money at interest—only they won't be loaning it to the province of Alberta, or to many of the people in the province of Alberta.

Is Taxation Only Way?
Halifax Herald

For the current fiscal year, the Finance Minister expects a deficit of "slightly less than $100,000,000."

These are astronomical figures! Why, in 1896—only 40 years ago—the total expenditures of the Dominion Government, chargeable to consolidated fund, amounted to a "mere" $36,000,000. At the turn of the century in 1901 the figure was $46,000,000. And on the eve of the Great War, in 1913, total expenditures amounted to $112,000,000—or just an even fifty millions less than last year's deficit!

Is increased taxation the only remedy?

Is there no room for greater economies in these times when every private business — every citizen — must economize?

Has every loop-hole of waste and extravagance been stopped?

In the Mail

(Not over 200 words, please)

Ontario's "Proud" Record

Editor, The Financial Post:

May I heartily concur in a letter published by you and signed "Small Investor" which deals with the repudiation of the power contracts by the Ontario Power Commission.

Being an Ontario man myself and having lived in the West for over thirty years I have always been proud to uphold the Province of Ontario as being an example of perfection in honesty and integrity, but unfortunately the action of the present Ontario Government in passing the act of repudiation of its Power contracts at the expense of thousands of small investors makes one feel that Ontario has slipped back badly, in a moral sense.

THOS. E. PERRY,
Jansen, Sask.

The Forgotten Consumer

Editor, The Financial Post.

I read with interest in The Financial Post the annual reports of different corporations. They contain the same old story — volume and value of sales, cost of production, dividends paid, reserves, profit and loss, etc.

But is there not something else due to the public? The test of the successful operation of an industry is its capacity to pass on to the public, in lowered selling price of the commodity produced, the gains from technical and mechanical improvements in the means of production.

Alfred P. Sloan, president of General Motors Corporation, in an address before the Illinois Manufacturers' Association in December, 1934, made this statement, "Progress toward our objective is measured by our ability to reduce the real cost of goods and services."

Yet this very important object is, with one or two exceptions, omitted from these annual reports. It has been said in the past that there are three factors in production; land, labor and capital. Today, with modern conditions, there is a greater factor than any one of these—the greatest of all is the consumer, for without the consumer production cannot start and the attitude of the consumer to the product determines the volume of production, limits or expands the scale of profits and decides success or failure of the enterprise.

R. J. DEACHMAN, M.P.
Ottawa.

Calls for Simpler Government

Editor, The Financial Post:

It goes without saying that Canada's greatest problem is our growing, overlapping, expensive nine provincial governments; each creating debt and taxation.

Taxation, applied to our key industries, adds to the cost of production to the point that our manufacturers cannot compete in world markets.

Taxation takes away from our weaker and smaller industries earnings that should go to pay dividends; and finally forces them into bankruptcy or into the hands of monopoly. The shareholders are sacrificed.

Taxation takes away the purchasing power of both the rural and urban masses of our people, till now, under-consumption of practically everything Canada produces is causing stagnation in trade and commerce.

Growing taxation of buildings and lands has made real estate a drug on the market; has destroyed millions of dollars of mortgages for investors and institutions. This, again, heavily reduces purchasing power and puts property owners on relief.

Taxation has made the building of homes, etc. for investment unprofitable; and has forced thousands of building workers to go on relief.

Taxation, forcing under-consumption, reduces traffic for our railways, which has greatly added to our transportation problem. We cannot look for a satisfactory flow of traffic until business in Canada can function under lower costs of government and production. As an example, the farmer has only bought about 8 per cent of the farm machinery he has needed in the past four years, which shows how under-consumption robs railway traffic of needed income.

Taxation forced the chartered banks of Canada to reduce interest on deposits from three to two per cent, another seventeen millions of dollars of purchasing power taken from our people; yes, from thousands of poor, thrifty older people who could not afford this cut in their meagre incomes.

The reduction of over-government debt and taxation could be brought about by changing the B.N.A. Act to put the financing of the province under a central government calling for strict adherence to a balanced budget every year in future and with severe penalties on any public spending body of government which did not live up to the demands of safe financing. Had this clause been inserted in the present B.N.A. Act our country would not be in such a financial state as it is today.

Only a few years ago, political matters and finance became so bad in Newfoundland that government and industrial bondholders and institutions to save bankruptcy called on the Mother Country to establish a commission to take over all government and finance.

Surely the people and institutions who hold the government bonds of our country and industries will not be forced to resort to a similar safety movement. Canada must be reconstructed in all political, government and financial matters to a much lower cost, if commerce, transportation and labor, etc. are to function again on a satisfactory basis. Then confidence can be restored both at home and abroad.

A MACINTYRE BRUCE.
St. Thomas, Ont.

Stop Me If You've Heard This One . .

An amusing story is told about the efforts of some Pittsburgh attaches of the U. S. Works Progress Administration to acquire a dictionary. Seems the kind they wanted costs $25, and as this was pretty much of an item, they wrote for permission to buy it.

One of the higher-ups wrote back that he couldn't see why the W.A.P here needed a dictionary. And anyhow, he considered $25 "exhorbitant!"

Week in Business

Crop Damage Reports Away to Early Start

Foreign Trade Continues to Show Gains — Second Quarter Business Forecast Moderate in Tone

Few crops ever come to fruition without a rich harvest of rumors and reports regarding damage during the growing season. This year the damage news started early with last week's unexpected frost which nipped several million tomato plants in Eastern Ontario and hit strawberries, asparagus, peas, clover and alfalfa. Fortunately the big Niagara fruit belt escaped injury, the buds being not sufficiently advanced to be hurt.

And, incidentally, the loss of a very large number of fruit trees (mostly apple) is reported due to winter kill and the inroads of mice by reason of snow having fallen last year before the frost came. In some orchards as many as 80 per cent of trees have been ruined.

* * * *

Foreign Trade Still Gains

Trade news of the week is featured chiefly by further gains in April imports and exports as compared with corresponding figures for 1935 Imports of $42.3 millions, though seasonally lower than in March, were 15 per cent above the same month last year. This brings total importations for the first four months of the year to $177.3 millions an increase of 11.5 per cent over 1935.

Exports in April were $57.4 millions, an increase of 21 per cent over 1935. Total exports for the first four months have been more than 25 per cent ahead of corresponding figures for last year. Analysis of chief export items for April shows substantial and representative gains in sales of newsprint, wheat, woodpulp, copper (partially manufactured), nickel, wheat, flour, fish, cheese and planks and boards. The biggest gain was in exports to U. S. A., which soared nearly 24 per cent to $31.5 millions.

* * * *

Britain Looks Ahead

From Britain there comes the shrewd, interesting business forecast made quarterly by Federation of British Industries. This is what F. B. I. sees ahead for the second quarter of 1936:

"The evidence of industrial progress continues to be encouraging. The expansion of business activity is already above the normal for the time of year and the movement shows no signs of exhausting itself in the near future.

"The capital equipment industries continue to lead, followed by trades making consumption goods for the home market, with the depressed industries, though showing some improvement, still a long way behind.

"Despite the many favorable features, however, it is still dangerous to venture on a long range forecast. Not only is the international situation permeated with uncertainty, and our export trade lacking in buoyancy, but in view of the budget statement even the future of our internal market cannot be regarded as completely assured."

Changes of the Week

Favorable

Carloadings—A relaxing of pressure in grain and coal loadings caused customary seasonal slackness in the week ended May 9, but total loadings were still 17 per cent ahead of corresponding figures for 1935. Weekly gross earnings of both lines continued substantially ahead of 1935.

Newsprint production—April production continued the current year's trend with a 17 per cent increase over April, 1935. Exports were 21 per cent higher than in April last year. Cumulative exports for first four months higher by almost 32 per cent. All figures are on volume basis.

Lumber exports—Gained almost 70 per cent in April compared with 1935.

Unfavorable

Building permits—Declined in April to less than $3.2 millions, a drop of 49.5 per cent from corresponding figures a year ago. The April, 1935, totals included substantial sums, however, for public buildings in certain centres. Alberta and British Columbia alone showed gains for the month. Ontario permits dropped 62 per cent from last April.

Business Indicators as Compiled by The Financial Post

▲Denotes new figures this week.

	WEEKLY DATA — Latest — 1936	1935	—Cumulative Total— Jan. 1 to date 1936	1935
Transportation—				
Car loadings (May 9)	▲45,144	38,400	813,500	806,951
C.N.R. gross earn. (May 14) ..	$ ▲3,615,366	$ 3,306,916	$ 62,604,213	$ 58,699,470
C.P.R. net revenue (May 14) ..	$ ▲2,693,000	$ 2,263,000	$ 45,112,000	$ 40,839,000
Business Conditions—				
Weekly index D.B.S. (May 9)	▲107.7	99.0	......	......
MONTHLY DATA	1936	1935	1936	1935
Business Conditions—				
Financial Post index (Mar.)..	106.0	96.6	......	......
Transportation—				
C. P. R. net earnings (Mar.) ..	$ 1,347,733	$ 1,147,235	$ 2,827,703	$ 2,101,694
C.N.R. net revenue (Mar.) ...	$ 941,533	$ 1,095,485	$ 76,742	$ 481,699
Iron and Steel (Mar.)—				
Pig iron production (tons) ...	55,009	44,727	172,096	126,402
Steel ingots and castings prod. (tons)	101,092	57,840	294,682	173,372
Automobiles (Number)—				
Passenger Car:				
Domestic sales* (Mar.)	9,451	9,244	18,480	18,079
Factory output (Mar.)	14,488	18,179	36,602	40,333
Trucks and Buses:				
Domestic sales* (Mar.)	2,149	1,717	4,076	3,585
Factory output (Mar.)	3,533	3,796	7,898	10,363
Exports (Mar.)	4,817	7,929	15,042	20,384
Construction—				
Building permits (Apr.)	$ ▲3,183,336	$ 6,300,046	$ 8,740,707	$ 14,807,316
Contracts awarded (Apr.) ...	$ 9,815,100	$ 11,379,400	$ 41,942,300	$ 40,770,700
Newsprint (tons)—				
Production (April)	▲258,721	222,224	952,145	810,170
Exports, tons (April)	▲192,893	158,923	818,417	696,453
Sugar (lb.)				
Melting & shipments§ (raw).	50,095,059	52,534,493	114,520,555	117,322,042
Manufactured§	46,454,928	49,612,873	113,600,438	139,508,165
Flour (bbls.)				
Production (Mar.)	1,171,741	1,046,087	3,172,746	3,012,462
Wheat flour exports (Apr.) ..	281,162	276,907	1,412,348	1,430,163
Trade—				
Retail trade (index no. of sales) (Mar.)	71.7	69.5	......	......
Imports (April)	$ ▲42,320,032	$ 36,636,702	$ 177,272,737	$ 159,100,957
Exports (April)	$ ▲57,963,193	$ 48,034,837	$ 245,745,046	$ 199,112,293
Wheat exports (bush.) (Apr.)	6,572,364	5,027,403	41,507,038	26,520,608
Employment, D.B.S. Index (Apr. 1)				
All industries	97.4	93.4	......	......
Manufacturing	101.1	93.9	......	......
Electric Power Output (Mar.)—				
Total monthly (000's omitted)	2,135,460	1,943,555	6,164,052	5,759,744
Aver. daily	68,886	62,695	......	......
Other Industrial Indices—				
Lumbering:				
Plank & board exports M. bd. ft. (April)	▲107,949	63,866	348,141	327,848
Boot & shoe prod., pr. (Mar.)	2,110,598	1,938,800	5,459,797	4,848,721
Crude petrol. imp. gal. (Mar.)	65,383,000	43,646,874	166,169,265	157,171,158
Cotton imports, lb. (Mar.) ..	13,558,000	11,242,000	45,221,000	28,503,000
Raw rubber imp., lb. (Mar.) ..	4,052,000	6,071,406	12,246,272	15,543,508
Coal imports, tons (Mar.)	506,260	526,791	1,489,780	1,500,200
Finance—				
Bank debits (Mar.)	$ 2,598,811	$ 2,225,799	$ 8,358,328	$ 7,006,891
Bond sales (April)	$ ▲104,655,000	$ 76,570,000	$ 499,047,114	$ 137,909,974
Life insurance sales (Mar.) ..	$ 31,664,000	$ 31,416,000	$ 96,125,000	$ 93,120,000
Automobile Financing—				
Used cars (Mar.)	$ 1,721,596	$ 1,223,575	$ 3,603,413	$ 2,584,652
New cars (Mar.)	$ 2,177,433	$ 1,756,967	$ 4,220,067	$ 3,544,442

*D.B.S. All-Canada figure comprising over 90% of the Canadian total.
†000's omitted. §For 4 weeks to Apr. 18.

de Havilland Appoints P. C. Garratt as Manager

Philip C. Garratt has been appointed managing director of de Havilland Aircraft of Canada Ltd. He succeeds Lee C. L. Murray, who has been recalled to England by the parent company.

The company's volume of business for the six months ended March 31, 1936, has been about the same as in the 1935 comparable period. Net profit in the year ended Sept. 30, 1935, was $4,077. Prospects are said to be considerably brighter, due to increased interest in the company's twin motor units.

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MADE PRESIDENT

J. A. Payette, M.C.I., who has been elected president of the Quebec division of the Canadian Credit Men's Trust Association Ltd.

Ford Gains; Loses By New Budget

Though Ford officials are reticent as to the actual result of the Dunning budget on production and profits, it is learned unofficially that the picture at the present time is something like this:

The budget changes are expected to effect a net saving in the cost of production of about $3 per car. Wholesale prices to dealers, however, will remain unchanged so that assuming production volume is maintained, there will be slightly higher margin of profit per unit.

However the prices for Ford cars to consumers will increase on popular models by about $15 per car in big markets such as Toronto—this entire increase being due to the higher sales tax. It is this increase which, it is feared, may adversely affect sales and offset the slight increase in profit margin as a result of the new tariff set-up.

The budget is also blamed for delay in announcement in Canada of company policy in regard to dealer discounts. Last week in United States the company raised the dealer discount on passenger cars from 22 to 24 per cent. This is the first change since 1920. Pending adoption of the federal budget, company officials decline to comment on whether the change will be made in Canada.

Extend Free List On Bean Products

From Our Own Correspondent

OTTAWA.—Extension of the free list on soya bean products is a minor feature of the budget which will interest manufacturers of feeds, fertilizers, glues and adhesives.

Soya beans have been free under all tariffs for some years but there has been a substantial import trade in soya bean oil cakes, meals, flour, etc. Some of these products have been dutiable at 15 per cent preferential, 25 per cent intermediate and general tariffs. The manufacturers desired the free entry of these raw materials and Hon. Charles A. Dunning met their wishes in the budget.

It is not anticipated the soya bean growing industry will be injured, as the beans have been entering duty free. The makers of cake, meal and flour may feel the tariff change but it is learned that their output is not nearly great enough to meet the requirements of the manufacturers of feeds, fertilizers, glues and adhesives.

Langley's Ltd. Passes Dividend

Cash and carry plan of operation of Langley's Ltd., Toronto cleaners and furriers, has resulted in very gratifying improvement, G. L. Langley, president, states in a letter to shareholders.

Cash outlays have been necessary due to this business expansion, in addition to further expenditures for factory equipment. This has resulted in a sharp decrease in the working capital of the company since the close of 1935, when it amounted to slightly under $110,000.

Mr. Langley states that directors feel that under the circumstances it is in the best interests of shareholders to discontinue payment of dividends for the present. The preferred dividend ordinarily due May 15 has not been paid. Arrears of dividends now amount to $14 per preferred share, which gives holders of the preferred the right to elect a majority of the directorate.

In conclusion, Mr. Langley says: "The position of the company is quite sound, but in view of the amounts expended . . . it seems advisable to allow the working capital of the company to increase out of its earnings."

Commodity Prices

	Latest week	Previous week	Same week last yr.
Cattle	$6.00	$6.00	$8.25
Hogs	8.75	9.10	9.85
Copper, lb.	.09½	.09½	.09
Cotton, lb.	.1172	.1165	.1245
Rubber, lb.	.1570	.1534	.1198
Sugar, raw, lb. ..	.0372	.0372	.0325
Silk, lb.	1.56	1.63	1.45
Wheat (Man.) bus.	.76⅞	.77¾	.85⅝
Coffee. lb.	.06⅝	.06⅜	.07⅛
Weekly Indices			
N. Y Annalist	119.5	121.6	126.4
Fishers'	81.0	81.6	82.3
N. Y. Journal of Comm.	77.3	78.0	80.1
Crumps (Brit.)	68.1	68.0	64.4
U. S. Labor	78.6	79.1	79.9
Canada (D.B.S.) ...	71.9	72.1	72.4
Monthly Indices			
Canada (D.B.S.)	Latest month	Prev. month	Same last year
Retail (Apr.)	79.8	80.5	78.6
W'sale (Apr.) ...	72.2	72.4	72.5
U. S. Labor (Feb.)..	80.6	80.6	79.5
Gt. Brit. (Feb.)	76.7	77.2	71.8

Note: The base of indices is that 1926 equals 100. British index is Economist converted to 1929 base.

Base of price quotations is as follows: cattle—steers, good, over 1,050 lb., top price. Toronto: copper—electrolytic, New York: silk—Japanese, 13-15. New York: Sugar — 96 degrees centrifugal c/f New York: wheat—No. 1 Man. North., Ft. W.-Pt. A. basis; hides—heavy native steers; select bacons, Toronto.

Background of Business

Many Problems Arise Over $100 Exemption

Interpretations and Rulings Still in Embryo Stage — Chance for Canadian Merchants — Alberta's Legislation

At scores of customs ports along the U. S. border, tourists and customs officials are trying their wings on the new $100 tourist clause provided in the May 1 budget. At present the exercise of this new privilege seems as much of an innovation to the traveller as it is to the customs official.

For example, what should be done about the 200 cigarettes allowed to returning Canadians? At Windsor last week a hasty conversation among the officials brought out the ruling that each individual package must be bared of its Cellophane wrapping so the U. S. excise stamp be cancelled (in pencil) by the customs official. Perhaps enterprising U. S. retailers may eventually sell cigarettes "stripped" for the Canadian trade or perhaps Canadian officialdom will devise a more time-saving formula.

A major difficulty at the moment seems to be a lack of declaration forms. Thus present procedure seems to be to simply take the name and address of the entrant and ask him (or her) perfunctorily if he has been away for the requisite 48 hours, etc. Eventually a proper declaration form will be available, however, to be duly signed.

* * *

Important Rulings

According to Hardware and Metal, various important rulings have already been made by the Department of Customs and Inland Revenue to aid in interpretation of this clause. Thus, for instance, the question was raised by a corset manufacturer as to whether the exemption would apply to that line. The answer is "yes," when the article is brought in for personal use or as a gift. Merchants, however, cannot bring in corsets for sale or for use in their business, or even as a sample, without complying with customary tariff regulations. Neither can such articles be bought or brought in on commission or as an accommodation for other persons, says Ottawa.

Under the same interpretation and ruling, automobile tires, parts and accessories are exempt, as are car radios, typewriters, personal effects, such as clothing, collars, shirts, shoes, etc. Exemption does not apply on radios or appliances which have to be shipped in separately and cannot be included in one's personal baggage.

* * *

Chance For Canada

Incidentally, it is doubtful if Canadian merchants and manufacturers realize the extent to which prices have risen in the United States in recent months. Scores of articles which formerly were cheaper than in Canada, are now as expensive or dearer in the United States, and it would seem that there is a wide open opportunity for enterprising Canadian retailers to seek out such items and capitalize among U. S. tourists on the cheaper Canadian price.

Foodstuffs particularly fall in this category ,in addition to books, woollens, men's hats, and many other items which have been in this category for some time.

* * *

Electric Range Campaign

The aggessive range-selling campaign instituted last year by Ontario Hydro-Electric Power Commission, is being continued and extended in 1936, says Hardware and Metal, Toronto.

Features of the campaign include an allowance to dealers of $3 for every new electric range sold of over 60 amp. capacity, and a special load-building allowance of $20 for every similar range sold to rural customers. In addition, customers in rural power districts may purchase electric ranges from dealers, and have them financed over a period of three years by the H.E.P.C.

Another new feature of this year's campaign is the suggestion of the Commission to local municipalities that they adopt a policy of installing a new three-wire service free in the belief that by doing this a definite stimulus to electric range purchases will develop.

* * *

Alberta's Sales Tax

One highly controversial feature of Alberta's new sales tax is the requirement that all purchasers be given a receipt bearing the name of the merchant, at the time of purchase. Chief objectors are confectioners, especially ice cream vendors, who claim it would require several extra clerks to meet this requirement for each purchase.

Confusion and a general slowing-up of trade seems to have featured introduction of the tax, while much comment is heard that the average tax is nearer 3½ per cent than 2, due to the fact that on 15 to 50 cent purchases, the tax is one cent, and from amounts of 51 cents to $1 the tax is two cents. Most confusion is due, it is said, to failure of the government to properly organize its collection plans and rulings sufficiently in advance.

* * *

No New "Codes"

Latest report on Alberta's "codes" is that as yet no sub-codes under the master code for branches of retail trade dealing in "goods" are in prospect since, with the exception of taxi operators and barbers in the services division, no applications have been received. Licensing of all retail businessmen dealing in goods and services will be completed by the end of May, it being estimated that 10,000 licenses will have been issued.

Steps are being taken for the establishment of a permanent advisory board composed of nine merchants to receive communications from the trade in all parts of the province and make recommendations to the government. The board will be chosen by Hon. E. C. Manning Minister of Trade and Industry. The board will have no executive power, nor will it administer codes, but will merely offer advice.

* * *

Cheaper Pineapple

A surprise ruling of the Dunning tariff changes, says Canadian Grocer, was the complete elimination of the tariff on Australian and South African pineapple. Formerly this was one cent per pound. The announcement from Ottawa referred only to Australian pineapple, but since other Dominions automatically secured the same preference, South Africa is also included. The change, however, does not affect Singapore pineapple, since this possession is not a Dominion.

Present duty on U. S. pineapple is four cents per pound. Prior to the Canada-U.S. trade treaty it was five cents. The new change therefore restores the previous 4 cent preference to the British Dominions. The saving is said to mean a cent and a half per "tall" tin will accrue with the next crop due in August.

* * *

Tinned Raisins

Raisins in tin cans have made their appearance in the United States, says Canadian Grocer. This is not so startling in view of the great advance that has been made in the tin container in so far as the packing of various kinds of food products is concerned—also beer.

The raisins are seedless and the container has a weight of eight ounces upward. Not so very long ago, fruit juices were first put up in tins, and since then this business has seen a rapid development. In fact, there does not seem to be any saturation point as far as the tin can is concerned.

* * *

Rice Krispies

Tabled simultaneously with the budget was an interesting tariff board report on a well-known breakfast food, Rice Krispies.

To make this product, Kellogg Co. of Canada imports cleaned rice from the U. S. dutiable now at 90 cents per 100 lb. Over half the Rice Krispie production of the company is exported to its affiliate in Great Britain, and on this production a 99 per cent export drawback of duty is obtained. The company asks for a 60 per cent home consumption drawback.

Stated frankly, this was not to enable the company to reduce prices to the consumer, but to permit the spending of more money to advertise the product. The product, incidentally, amounted to 10 per cent of total output of the company in 1934.

Since seven companies in Canada milled rice, and U. S. importations following the U.S.-Canada trade pact come in at the intermediate rather than the general tariff, and since the processing tax on rice in the U. S. has been removed, the Board decided the application was not justified.

* * *

Drug Trading Profits

Annual meeting of Drug Trading Co. brought the announcement that members would receive on purchases in 1936-37 an extra bonus of 1½ per cent, says Drug Merchandising, Toronto. This is in addition to the maximum commission of ten per cent payable to what are known as "16-share men" and those who have buying privileges and $480 invested in the enterprise.

The company also announced it has discontinued its 2 per cent cash discount as of May 7 to offset the additional 2 per cent sales tax.

In the year ending March 31, the company's business totalled $4.3 millions—an increase of $338,000. Inventories at March 28 totalled $319,000, this amount being turned over more than 13 times during the year. Dividends and commissions paid last year totalled $455,000, bringing the total in 31 years to almost $5.7 millions.

The company does business with 1,500 different firms, carries stock of approximately 20,000 items. Average purchases by members total over $4,400 annually, ranging from a top "hundred" purchasing an average of over $14,000 each, down to the lowest group averaging $339 each.

* * *

Smoker Prices

Cigarettes and tobacco have been advanced on account of the new sales tax, says Drug Merchandising. Lines of cigarettes that formerly sold at $8.40 per M are now $8.48 per M. 5c. cigars listed at $41.70 per M in 5's and 50's are now $42 per M, in 25's formerly $42.83 per M now $43.13 per M. Cigarette papers now $1.04 per carton of 25, $2.07 per box of 50.

Tobacco Acreage

The total tobacco acreage in Ontario for the coming season will be 35,000, an increase of about 4,000 acres over 1935. The increase is due to rising domestic consumption and growing export trade.

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In The Construction World

Still Plenty of Room

WHILE freely admitting the great possibilities of a real revival in construction, business leaders in United States appear still dubious regarding the present expansion which so far has been largely stimulated by government action. Moreover, much of this expansion, it is understood, has not really reached far enough to put new life into the heavy industries. Thus in his recent summary of the first four months of 1936, Colonel Leonard P. Ayres, vice-president of the Cleveland Trust Company, states:

> "The laggard recovery of construction constitutes the least favorable factor both in the present status of general business activity and in the prospects for further improvement. Increases in residence building have been large when measured from the low levels of three years ago, but the total volume is still relatively low. Commercial and industrial construction, and especially construction by the public utilities, continue to be greatly restricted."

But Colonel Ayres does not minimize the fact that if heavy construction could be really got under way, then great benefits would follow. Industrial leaders in Canada will agree with him in his outline of just what an expansion of this nature would mean.

> "If we could have a large-scale resumption of construction confidently carried forward by business enterprise, the total volume of industrial output would sharply increase, the difficulties of our railroads would be greatly lessened, the number of workers in our service occupations as well as industries would rapidly advance, and many of the problems of unemployment would be solved."

* * *

Trans-Canada Dwarfed

BUSINESS is looking up in the designing of highways of the future. Not only have old plans of the British Columbia-Alaska Highway been dusted off, but there now comes word of another project of a colossal nature. This is the proposed world route to the Orient via Edmonton, Yukon, Alaska, Siberia and points west.

W. A. Fallow, Alberta's Minister of Public Works, is credited with estimating the cost of the section from the Alberta boundary to the western tip of the Aleutian Islands off Alaska, at a mere $500 millions. Regarding the backers, Mr. Fallow is reported as saying:

> "I am satisfied that they are in earnest and that the highway will eventually come. There are many obstacles to be overcome, and the scheme is still in the formulative stage."

* * *

Tunnel Behring Straits

AFTER finally coming to the sea, a tunnel would be constructed under Behring Straits. Once in Siberia there would be no holding the international tourist or the road. It might run through China, India, Arabia or almost anywhere in the wide expanses of Asia and Europe. The road might eventually jump or tunnel to Great Britain. Surely the English Channel would prove a very slight obstacle after what had been gone through in Yukon, Alaska and Siberia, not to mention the Behring Straits.

Backers explain that the mineral wealth that would be opened would more than offset the amount of construction cost. The cost of the tunnel from Alaska to Siberia would be defrayed by tolls charged, though there is no estimate of the probable amount of traffic that would develop between these two points or why. Neither is there any mention of maintenance costs especially in connection with that part of the route, a mere thousand miles or so, which perilously approaches a country of perpetual snow and ice. Traffic supervision, it is conceded, would prove feasible and simple, but police protection in some of the wild areas travelled would be another matter.

Production Much Higher Of Galvanized Sheets

Production of galvanized sheets used largely in construction, for the first quarter of 1936 was the best for this period in several years, amounting to approximately 9,000 tons, as compared with 6,000 tons in each of the previous years. For the whole of 1935, production amounted to almost 45,000 tons, as compared with almost 40,000 tons in 1934.

Says Builders To Give Labor "Square Deal"

Secretary of Quebec Exchange Replies to Critics

REVIEWS LAW

Considerable opposition has been expressed toward the Collective Labor Agreements Extension Act of Quebec, and similar legislation designed to improve working conditions in the construction field in Ontario. This opposition has not been allowed to go unchallenged.

D. A. Patterson, secretary of the Builders' Exchange, with headquarters at Montreal, has taken a strong stand against what he believes is unjustified criticism. The Builders' Exchange is an organization representing many of the large construction companies of Quebec. Mr. Patterson has written the following letter to a newspaper in Montreal, critical of the scheme:

Misapprehension

"There is a great deal of misapprehension on the part of certain people directly and indirectly affected by the law, and also on the part of those not directly concerned but who, nevertheless, consider that they have a duty to perform in the expression of their views. Let us examine the facts impartially, if that is possible. In the first place it must be borne in mind that there can be no agreement made law unless it is arrived at by common consent of employers and employees in the industry concerned who must be preponderant as to their respective interests.

"In so far as the construction industry is concerned, the Builders' Exchange has a three-fold function in the preparation and negotiation of a collective labor agreement.

Consumer Considered

"Firstly, the Exchange must not be party to wage rates that are uneconomic or which would discourage the public from undertaking constructional operations. In other words its interest lies in the promotion of building activity. The records of the Exchange in that respect will disclose that the interests of the building owner—the consumer—have always been a first consideration and have ever been scrupulously observed.

"Secondly, the Exchange is concerned that the workman shall receive fair and just remuneration for his labor. In that regard surely we have advanced beyond the period when skilled labor was regarded as a commodity to be recompensed or paid for according to the 'law' of supply and demand.

"Most unfortunately there are to be found many employers — not alone in the construction industry but in all business activities — who believe in paying the 'market price,' in disregard of the degrading effect which that price and practice have upon the homes and lives of the workman and his dependents.

"A Decent Wage"

"Moreover, such employers are in open competition with the true employer who believes that his workmen are entitled to and should be paid a decent wage. Fortunately there are many of the latter yet to be found—and it is hoped they are in the majority—but how, without regulation such as is provided by the law under attack, are they to combat such competition and remain in business? That is the problem which has been calling for solution, and the only solution worth while so far advanced is that proffered—not arbitrarily imposed by outside authority, be it noted—by the legislation mentioned.

"Thirdly, this Exchange has a duty to its membership in endeavoring to eliminate wages as a unit of competitive tendering. The reputable employer has always longed for the removal of that abuse, but he has been at the mercy of the competitor who has no qualms in the matter.

Profit Protected

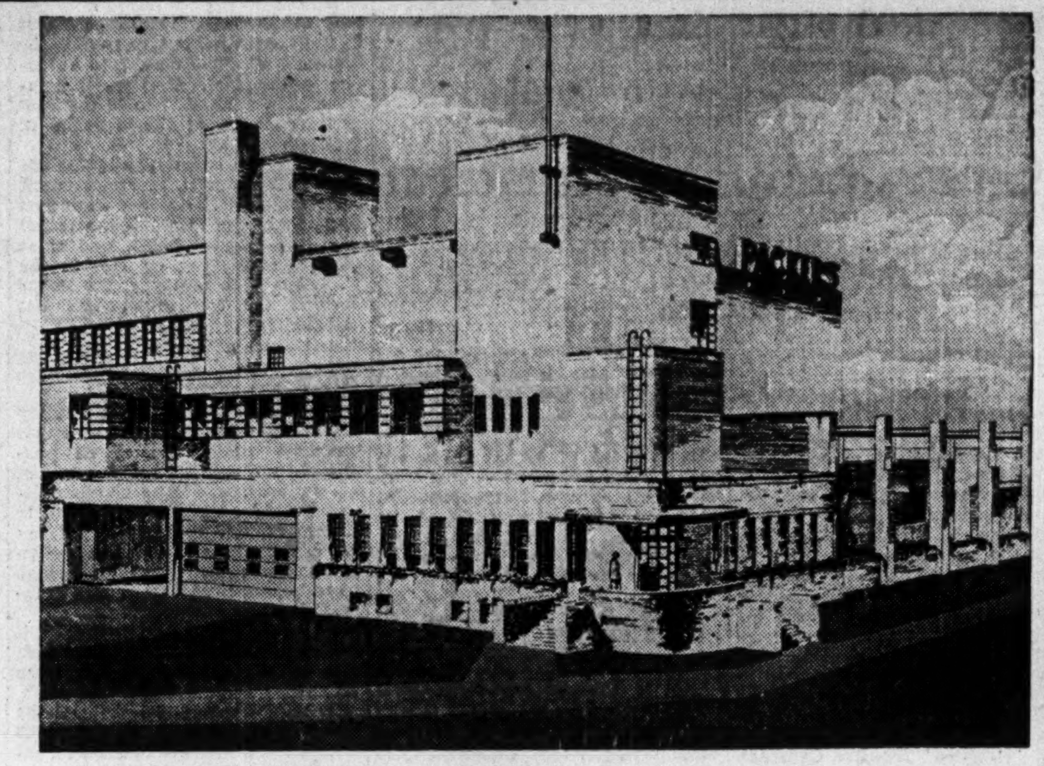
"The true and responsible employer has other means of providing for his legitimate profit, such as the efficiency of his staff, the discriminating choice of his workmen —in which respect the law provides no barrier—adequate production on their part, co-ordination of services, etc. But under existing conditions, and without the protection afforded by the law, the fair-minded employer would have little chance of remaining in business.

"If the legal wage structure in the building industry — and in other businesses which have adopted one —were removed, there is no doubt at all that wage rates would crumble to 20c an hour and less, as happened before 1934. And what then? How long would that state of affairs contribute to quietude and social order? The answer is that the unsocial conditions so engendered would speedily pave the road to revolution.

State Can't Stand Back

"The depression has disclosed that the state cannot neglect its duty to succor the unemployed in their distress. Surely also, if not the state, the individual — who in the mass comprises the state — has a moral duty to the workman for whom labor is available. By exercising that duty he is actually easing the burden which falls upon the state.

"It is seriously suggested to those unfriendly to the law that they reconsider the main principle of the measure. Let there be honest introspection of their attitude and the conviction may dawn upon them that the continued operation of the law—with the government acting only as umpire—may result in the preservation and peaceable enjoyment of many cherished features of our business life and civilization."



BIG PACKING PLANTS FOR ALBERTA

Above is the design of the new $1,000,000 plant which Canada Packers, Ltd., is building in Edmonton. It will care for the needs of the packing industry in the northern half of Alberta where hog raising, particularly has been making rapid strides. First sod was turned March 16, and it is hoped to have the building finished in September. On a site 200 by 256 ft., the building is to be of brick and reinforced concrete, four stories and basement. About 200 persons will be employed when the plant begins operation. Holder of the general contract is the Bird Construction Company, of Edmonton.

Winning House Designs Out of Luck in Toronto

Regulations Ban Masonry, Veneer Walls and Small Bedrooms

WOULD JUMP COSTS

People with ultra modern building ideas are up against a stone wall, or perhaps it would be more correct to say a 9-inch brick wall, when it comes to cities like Toronto.

The first three winning housing designs in the recent Dominion Housing Act competition would not get very far in Ontario's capital.

Couldn't Be Built

In fact such houses if they were to fit into the $3,500 to $4,500 class could not be built at all. They might be erected in some other centres, particularly in Western Canada because there the restrictions are easier.

Toronto has perhaps the most rigid building code of any city in Canada. Generally speaking this calls for a solid 9-inch masonry wall for the first story. There is no leeway. This must be of brick, stone, concrete blocks, hollow tile or similar solid material. Stucco on lath, commonly known as rough cast, brick veneer and clapboard are simply not allowed.

Inch Wall Out

Neither are Toronto authorities interested in these new inch thick, insulated walls that make up the prefabricated houses now being sold by General Houses Inc. in cooperation with Sears-Roebuck of Chicago. Even where such a thin wall is made fire proof, apparently the city fathers are opposed. The Financial Post was unable to confirm the opinion, however, that opposition might be based on solicitation for brick layers and brick manufacturers rather than on sound principles of fire protection. Nevertheless this 9-inch wall idea for the first story bars out the three winning designs in the housing competition recently published in The Post.

Space Inhibitions

Just in case anyone runs away with the idea that the second stories in these plans could be salvaged to be built on to an approved first story, unfortunately Toronto building regulations interfere again. There is a minimum for space requirements for habitable rooms. This calls for at least 100 square feet in a bedroom which would bar two of the three bedrooms in the first prize design submitted by William Ralston of Toronto. Moreover, it would lop off at least one bedroom in most of the other plans in the money.

There is, however, one way to get round the regulation. Astute builders can term the undersized space a store room and provided they stick with it then the city fathers are helpless. But Mr. Ralston would probably have difficulty in convincing the Toronto department of building that his small house needed two store rooms.

Window Regulations

Again there is a window regulation that might prove troublesome. This calls for ten per cent of the floor space and some of these little dinky, old-fashioned English inn type of windows, are just a little too cosy. Another part of the regulation, too, insists that bathroom windows be at least 9 inches from the edge of the lot and other windows twice this distance. This means that a 40-ft. house on a lot of similar width will have no openings on the flanks.

Attached garages apparently are extremely popular with architects. Nearly all the winning designs show them. But such are frowned upon by municipal officials who hope to keep fire losses to a minimum. Where garages are attached there are usually stringent regulations about fire doors and separate entrances.

Revise Costs

All in all one gathers a very clear impression that if any home lovers are counting on adopting any of the winning designs in the recent competition they should jack up Ottawa cost estimates from 10 to 20 per cent if they are going to meet building requirements of cities like Toronto.

New Industries

United Drug Co., Toronto, expects to have the new plant addition completed in September. (Drug Merchandising).

Cub Aircraft Co. of Can., Ltd., will begin operations in Hamilton, manufacturing a light type of monoplane. (Hamilton Spectator).

Standard Leather Co. will establish a branch in Port Hope, Ont. (Port Hope Guide).

Consolidated Paper Corp. Ltd., Pembroke, Ont. has opened the sawmill for the summer providing employment for 250 local men. (Ottawa Evening Journal).

* * *

Daily Commercial News notes that:

Robert Simpson Co., Ltd., Toronto, plans alterations and additional stories for the store at 176 Yonge St. to cost about $750,000.

Sterling Caskets, Ltd., will construct a $25,000 steel and brick addition to the factory at 627 Adelaide St. W., Toronto.

Sangamo Co. Ltd., has begun construction of an addition to the factory at Adelaide and Stafford Streets, Toronto.

Cedarvale Farm Diary, 339 Perth Ave., Toronto, has called for tenders for construction of single story brick addition.

Norfolk Fruit Growers' Assoc., 170 West St., Simcoe, Ont., has let the general contract for construction of $15,000 defrosting room addition to cold storage plant.

Steel Co. of Can., Ltd., plans construction of four or five new buildings, costing up to $1 million equipped, for Hamilton plant on Wilcox St.

Patons & Baldwin, Ltd., 1000 Roselawn Ave., Toronto, has let the contract for construction of additional stories to the plant.

Consolidated Lithograph Mfg. Co., Ltd., Montreal, will erect a story addition to the plant at 800 Parthenais St.

Electric Output Down

Output of central electric stations in the Maritime provinces during the first quarter of 1936 totalled 169,284,000 kilowatt hours, compared with 179,235,000 kilowatt hours in the same period of last year.

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STEEL PLATE TIN PLATE STEEL CASTINGS

Weston Biscuit Enlarges Passaic Plant Capacity

Weston Biscuit Co., U.S. subsidiary of George Weston Ltd., has announced that additional machinery is being installed in its plant at Passaic, N.J., which will increase capacity by 30 per cent. The installation will involve an expenditure of $125,000.

According to R. E. Watson, vice-president and general manager at Passaic, the plant has been working 24 hours a day and was so far behind in orders that expansion of manufacturing facilities was necessary.

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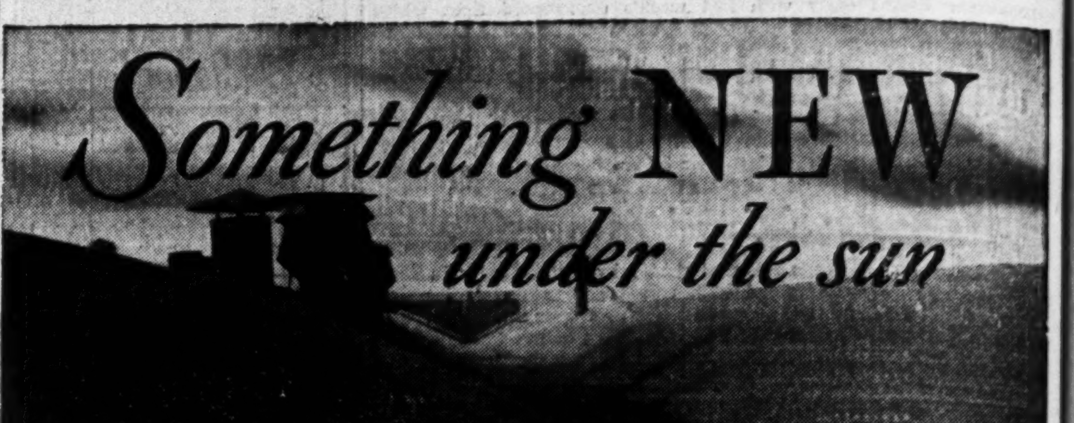

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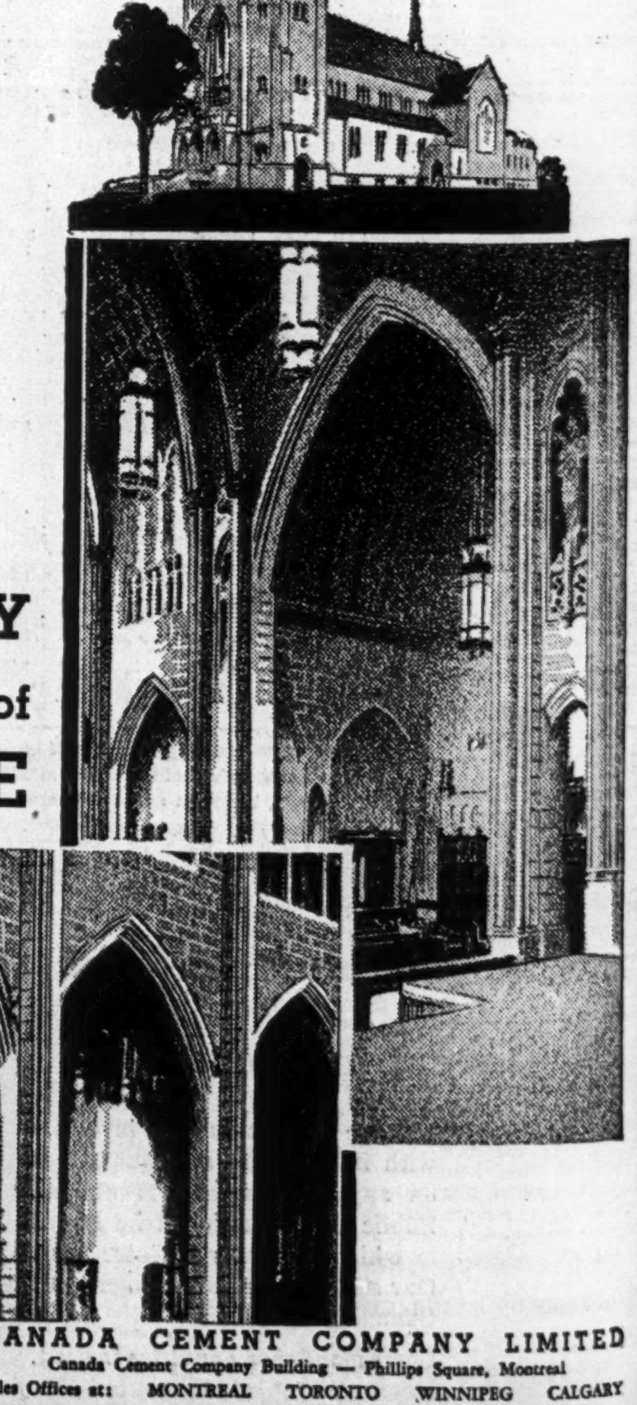

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Consolidated Paper

I bought some of the bonds of Consolidated Paper Corp. as a speculation. They now show me a profit and I would like to know if the position of the company shows signs of improvement. If not, then I may consider taking my profit and reinvesting the proceeds in some other issue.

Most of the unfavorable features in connection with Consolidated Paper Corp. would appear to have been discounted. There is little prospect of the company being in a position to meet interest payments when they fall due at the end of the year, and expectations are that the company will ask the bondholders to defer interest charges for a further period. Meanwhile much depends on whether or not the company will be successful in securing a higher price for its newsprint in 1937. While one cannot be too definite in forecasting the price trend of newsprint, in view of past experiences, at the moment prospects are that the manufacturers will secure a higher price. In that event the position of Consolidated Paper and the other manufacturers would be strengthened and, with a continued increase in consumption of newsprint, the company may be able to re-establish itself.

Brazil Bonds

Can you give me any information regarding seven per cent bonds of United States of Brazil, due 1952? I understand that these are being serviced.

It is correct that your United States of Brazil 7's of 1952 are now being serviced. Brazil made an arrangement early in 1934 to meet all coupons between April 1, 1934, and March 31, 1938, as follows: interest from April 1, 1934, to October 15, 1934, to be paid in funding 5's of 1951; the next two years interest to be paid 35 per cent in cash; then one year's interest to be paid in 40 per cent cash; and the final year's interest in 50 per cent cash. The partial cash payments in the four latter years are to constitute full payment of the coupons, which are then to be cancelled.

The whole scheme is to be reviewed not later than September, 1937. Meanwhile, there is nothing much you can do but accept the payments that are being made.

Bank of Canada vs. Bank of Montreal

Kindly advise me if it would be wise to sell Bank of Canada stock and buy Bank of Montreal common.

Bank of Canada shares are just about as sure as government bonds to return your 4½ per cent dividend, because the earning power from the right to issue notes is alone productive of far more earnings than is required for the dividend. This is the reason for the low yield on these shares, which will tend to rise when rates on government bonds are low, and to fall when rates on government bonds are high. It does not seem likely that Bank of Canada shares will sell on a better basis than government bonds. These in turn do not appear likely to go much higher than to a three per cent basis. This would indicate a possible maximum price of about $65 a share for Bank of Canada stock. The shares may not get that high, of course, because of the fear that the government may redeem the shares, which, however, seems to be improbable.

There is no immediate probability of any increase in dividend by Bank of Montreal, on which the present yield is about 4.2 per cent. Banks are having trouble earning their present dividend because of their large holdings of government bonds and the shrinkage of commercial loans. No further reductions in bank dividends have been hinted, but reduction may be more likely than increase until bank earning power is restored. However, if and when business gets better, banks of this kind can be expected to increase earnings, with the growth of loans.

Gurney Foundry

Can you give me any information regarding Gurney Foundry Co.? Some time ago I deposited my bonds in favor of the reorganization scheme, but as yet have not received my new bonds.

There is no need to worry about receiving your Gurney Foundry Co. bonds. The new bonds and trust deed are at the present time in draft form. The bonds should go forward to bondholders in the near future. There has been no extraordinary delay, but legal details of such a reorganization always take considerable time to clear up. As soon as the bonds are ready for distribution, you will be informed by the National Trust Company.

We are informed that it is hardly likely that it will be possible for Gurney Foundry to make any cash distributions on account of bond interest in 1936. No doubt you are aware that interest from Nov. 15, 1935, to Nov. 15, 1939, is payable only if earned. Any unpaid portion is to be met by the issue of additional preferred stock. We are informed that at the present time the company is earning bond interest before depreciation. After depreciation, however, there is nothing available for bondholders. It is possible, of course, that there may be some improvement before the end of the year.

Income Traders

I would appreciate your opinion as to the merits of Income Traders Ltd. It has been recommended to me as a good purchase.

Income Traders is too young a venture to have attained what might be called stability. The firm sells shares, and uses the investor's money to deal in securities mostly on the New York Stock Exchange. By purchasing when prices are falling, and selling small lots when prices are rising, the company is constantly getting in and out of small lots of stock, and the profits thus realized are the source of the company's income and the dividends paid to shareholders. It is impossible to describe in full the company's method of trading in a brief answer. It does appear, however, to be a method of making modest profits. There is this to consider, however. Suppose the company were to start buying at a time when prices were pretty high all round. Then, suppose the market were to enter a long-term declining trend. At the bottom of the decline, considerable sums in intermediate profits might have been made, but the entire portfolio might be worth less than the total purchase prices. Under the present system of distributing nearly all the profits in the form of dividends, such a development would prevent continuation of dividends.

We have gone into the Income Traders scheme rather carefully, and it does appear to offer some opportunities for profit. However, we would like to see a much longer experience before feeling that it is a stable investment. We also note that the promoters get a rather large proportion of the total income. Finally, although the promoters are said to maintain a market for the shares, 10 per cent below the investor's purchase level, the investment might not be liquid at the very time you might need money.

Traders Discount

Can you give me any information with regard to Traders Discount Corp., Winnipeg?

Traders Discount Corp. operates in the personal loan field, its loans being secured by chattel mortgages and liens. The company has both preferred and common shares, and as at December 31, 1935, there were 423 seven per cent cumulative preferred shares, par value $100, and 925 common shares outstanding. The company reports that preferred dividends have been paid regularly. We are unable, however, to determine by what margin these have been earned, since the company does not publish an income account.

The company is a small one, since its total assets at the end of 1935 were only slightly over $40,000. It appears, however, to be in a good liquid position.

North Amer. Elevator

What do you think of North American Elevator Co., 6½ per cent bonds due 1950, as an investment?

North American Elevator Co. is expected to earn its bond interest in the year that ended April 30, 1936, afted deducting depreciation. However, in the preceding year interest was not covered after allowing for depreciation. The total bond issue is $700,000, secured by assets valued at $1.6 millions. The bonds are not traded actively, but so far have proved a satisfactory investment to the holders.

Beatty Bros.

What do you think of Beatty Bros. 6 per cent preferred stock? Have dividends been earned regularly?

Beatty Bros. 6 per cent dividend on the preferred shares has been paid throughout the depression, although it has not been earned at all times. The company's business is improving, but there may be some increase in competition due to reduction of tariff against United States imports. Last year, earnings amounted to $16.53 a share against dividend requirements of only $6.

City of Montreal

What is your opinion of city of Montreal bonds as an investment?

City of Montreal 4½ per cent bonds due 1948 can hardly be placed in the class of a high-grade investment although they are selling at a premium. There are many Canadian municipal bonds which carry much less risk than those of the city of Montreal.

Montreal finances cannot be said to be in a sound position. In recent years, the city has been piling up deficits at an enormous rate, and in the current year has had considerable difficulty in balancing its budget. The city has made no real attempt to reduce expenditures. While the city council has displayed considerable initiative in finding new sources of taxation, these have not been successful in increasing revenue as much as was originally estimated.

There is also the possibility that the city will undertake forced conversion of its debts. In the Montreal private bill now before the Quebec Legislature, authority for such action is sought. It is hardly likely, however, that the Quebec Legislature will approve of such a measure. The proposal, nevertheless, is an indication of the attitude of Montreal civic authorities.

Govt. Bonds vs. Industrials

I hold a $500 bond of each of the following: British Columbia, city of Victoria, Dominion of Canada, B. C. Telephone, Bruck Silk Mills and Bell Telephone Co. I would appreciate a brief report on each of these. Would you advise me to dispose of the industrials at their present levels and purchase Dominion of Canada bonds?

Dominion of Canada bonds are already at the highest prices in a generation or more, and they cannot be expected to rise much further. Hence, if you were to sell industrial bonds and buy Dominion securities, you would be reducing your income without much hope of increasing your principal. Most Dominion bonds are at a substantial premium.

Bell Telephone bonds also sell at a high premium. This is a high quality security, but cannot be expected to go a great deal higher.

British Columbia Telephone bonds have been a satisfactory investment, and interest is being covered by a very comfortable margin.

Bruck Silk Mills has been doing very well in recent years, and has earned its interest nearly seven times after allowing for depreciation. Tariff changes may affect the company unfavorably, but this would not necessarily be reflected in the bonds which are modest in amount.

General Steel Wares may be affected unfavorably by recent changes in the tariff on United States imports. The company has earned bond interest after depreciation in the last two fiscal years, but by none too wide a margin. However, the amount of first mortgage bonds has been reduced by over $2 millions, and your yield is substantial in view of present low interest rates.

City of Victoria and province of **British Columbia** bonds have been severely depressed by proposals to reduce interest rates, possibilities of default, and various similar agitations. However, both debtors appear capable of improving their financial position, and eventually this may improve the value of the bonds.

The Woman Investor

When You Ask Advice

LEGAL action was recently instituted by a widow against the chairman of a large steel company in the United States, implying bad faith in the advice given her regarding her investment holdings of the company's shares.

The woman's husband left her 540 preferred and 337 common shares of the steel company. Allegedly out of "family friendship," the steel company executive urgently advised her to sell her holdings, she claims, and asked for a letter of authorization enabling him to effect the sale.

She complied with the request, only to learn afterwards that her stock had been required for use in a merger of the steel company with another steel concern. She received $50 a share for the preferred and $15 for the common but learned that both had been worth more. The preferred had been $57.50 in the market.

The incident brings into sharp focus the fact that advice to women on their investments is at once the easiest and most difficult commodity to obtain in the financial world. It is the cheapest and the most costly.

* * *

Luring the Unwary

RESPONSIBLE financial publications and investment firms maintain departments for the purpose of gathering and compiling information for the use of investors. Properly conducted, these departments attempt to give plain, unvarnished facts concerning companies and their securities. They do not "recommend" any "buys," "sells" or "switches." They present the facts on which the investor's own common sense can form an opinion.

Imitating these legitimate services to the investor, financial racketeers have long used the "investment advisory service" scheme as a bait to attract the money of unwary investors. A woman's security holdings are mailed to such a concern, "analyzed" in a superficial, noncommittal manner, or other first grade stocks may be recommended in place of the existing holdings. Confidence is carefully instilled.

Sooner or later, however, comes an urgent letter, telegram or telephone call, advising an "immediate switch" into the stock of the racketeers' own promotion, hitherto kept in the background except for brief and eulogistic references to its "promising prospects."

* * *

Fair—and Informed

EQUALLY dangerous is "advice" obtained without regard for the knowledge of the person who gives it. It is a human failing to be flattered when advice is sought on investments. The man with only a sketchy knowledge of the facts is apt to attempt to appear better informed than is actually the case. "Advice" in such cases can prove as costly as that obtained from a racketeer, although given in good faith. It is one reason why rumors continue to flood the stock markets.

Common enough also, is the advice to women given by those who hold stocks which they urgently desire to "boost." The theory is that any stock will rise in price if enough people are brought to believe it should rise, since the same people will buy the stock and contribute to an advance in price by their own purchases.

The secret of obtaining sound investment advice is to choose a source where all suspicion of bias, personal interest or promotion effort can be dismissed. The Financial Post has for years provided such a source in its investor's enquiries department, "Your Investments."

Rackets

Confidence Men

A FANTASTIC "get rich quick" scheme, supposedly linked with exports of Canadian whisky to the United States, has been brought to light by police in Ontario.

Two well groomed, prosperous appearing gentlemen were the instigators. They succeeded in duping a half dozen or so eastern Canadian businessmen into parting with their money in return for a substantial share in "profits" to be made on a whisky contract with American purchasers.

The victims parted with $8,000. Before they did so, they were promised, in return for the temporary use of the money:

That they would get it back.

That they would receive a large share of the "profits" on the whisky "deal."

That they would be presented with new motor cars, and that they would receive insurance annuities.

One of the victims was so enthused, it is said, he gave up his employment.

* * *

$1,200,000 "Cheque"

THE racketeers took their victims to motor car dealers and allowed them to pick out the cars they would receive when the deal was closed. To avoid "income tax difficulties," insurance annuities were to be arranged, and to prove that everything was in order, the racketeers flourished a cheque for $1,200,000 made out to an insurance company.

After being told that the whisky contract involved $4 millions, the would-be "partners" were taken to a bank vault and shown large steel boxes which they were told contained high grade bonds and other collateral. No one saw the bonds, but it was explained that nothing could be disturbed until the "escrow release" was secured.

Dreams of new automobiles and insurance annuities, to be followed by a golden flow of dollars, faded, however, when police investigated. Charges of obtaining money by false pretences and conspiracy to defraud followed.

Income Tax Receipts Here Endangered by New U.S. Law

Canadians, Canadian corporations, the Dominion government, and the provincial governments are vitally concerned in the final form which the Revenue Act of 1936, now being considered by the United States Senate, will have when it becomes law. Many changes were given in the House of Representatives, but now the bill is having tremendous opposition from business and financial bodies and from a large number of senators. At the moment the Senate appears to desire abandonment but if the president's influence is exerted strongly it may yet emerge without many more changes.

There are two taxes of outstanding interest to Canadians.

First—A tax of 10 per cent on dividends, interest or other income to every non-resident alien individual not engaged in trade or business within the United States and not having an office or place of business there.

Second—A tax of 15 per cent on revenue derived in the United States by foreign corporations not engaged in trade or business there.

The Dominion government may be the main loser. The tax Uncle Sam withholds can be deducted from the Canadian tax total.

Can Deduct U. S. Tax

A. E. Ames & Co., in a letter to clients, states, "We know of no present circumstances which are being considered in Canada to disturb the present arrangement whereby we understand that a Canadian taxpayer who pays United States income tax or from whom a payer corporation withholds on account of such tax, is entitled to deduct from the amount of the Canadian tax the amount of United States income tax paid or withheld up to the amount of the Canadian tax to which such income is subject.

"We understand that it is the practice of the Canadian Income Tax department to allow such deduction at the average rate of taxation paid on the reported taxable income and that such deduction may be allowed only if the taxpayer furnishes satisfactory evidence showing the amount of tax paid and the particulars of income derived from foreign sources."

If the individuals in Canada and the Canadian corporations can deduct from the Dominion government income tax total the United States tax, it will probably have a very unfortunate effect on revenue gained on income taxation by the Dominion government. The Dominion government withholds only five per cent from dividends and other income obtained in Canada by United States and other aliens.

The new law in United States requiring 10 per cent to be withheld for individuals and 15 per cent for companies, has a definite objective. The present tax proposals in the United States to tax that portion of a company's annual surplus not paid out in dividends are intended to force payment of dividends in greater measure. The tax authorities then hope to get higher returns from incomes of individuals.

May Lower Dividends

In the case of dividends or interest payable to Canadians or other aliens it is apparent that the United States cannot collect from the individuals and therefore they ask payers to aliens to withhold the amount of 10 or 15 per cent.

It is improbable, according to some Canadian companies with subsidiaries in the United States, that the tax will force larger dividend payments on the whole. Companies with large surpluses can afford to pay everything out in order to avoid taxation. But other companies, it is contended, will have to add to surplus materially every year no matter how much they are taxed. They will take it from the dividends paid rather than endanger their stability by allowing surplus to get low in a bad year.

Dom.-Scottish to Disburse $1 on Preferred June 1

Dominion-Scottish Investments Ltd., Toronto, is making disbursements totalling $1 a share on its preferred shares on June 1 to shareholders of record May 20.

A final dividend of 75 cents a share has been declared for the year ending May 31. This makes ordinary payments of $1.50 a share for the year, compared with $1.25 a share in the year ended May 31, 1935.

In addition to the final dividend for the year, 25 cents a share is being paid on June 1 on account of arrears.

The payments reflect increased income, and the payment on arrears is understood to be due to receipt of interest arrears on Price Bros. bonds.

The preferred shares of $50 each are entitled to cumulative dividends of $2.50 a share annually. Arrears will total $5.25 a share at May 31, 1936. The full rate has not been paid since 1932.

Alcohol Sales Total Millions

Sales of wines to the Quebec Liquor Commission in the 1934 fiscal year totalled 844,133 gallons and of spirituous liquors 487,324 gallons. The value of sales was $11,370,604 on which the trading profit was $4,420,384.

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TORONTO OTTAWA QUEBEC
SHERBROOKE

Woven into the SOCIAL FABRIC OF CANADA
Like a strand, intricately woven, the Canada Permanent Mortgage Corporation is an integral part of the whole social fabric of Canada. For 81 years it has been a vital factor in community development throughout the Dominion. It has proved a dependable guardian of Savings, has promoted confidence and encouraged national thrift.
FOUNDED 1855
CANADA PERMANENT
Mortgage Corporation
HEAD OFFICE: 320 BAY ST., TORONTO
ASSETS EXCEED $69,000,000

THE LONDON AND WESTERN
TRUSTS CO. LIMITED
Established 1896
Executors, Administrators, Etc.
Offices at: London, Toronto, Windsor
Winnipeg, Vancouver.

THE ONTARIO LOAN AND DEBENTURE CO
LONDON, CANADA
Established 1870
DEPOSITS ACCEPTED DEBENTURES ISSUED
Mortgage loans on owners' homes at low rates of interest
Capital (Fully Paid), $2,000,000 Reserve Fund, $2,400,000

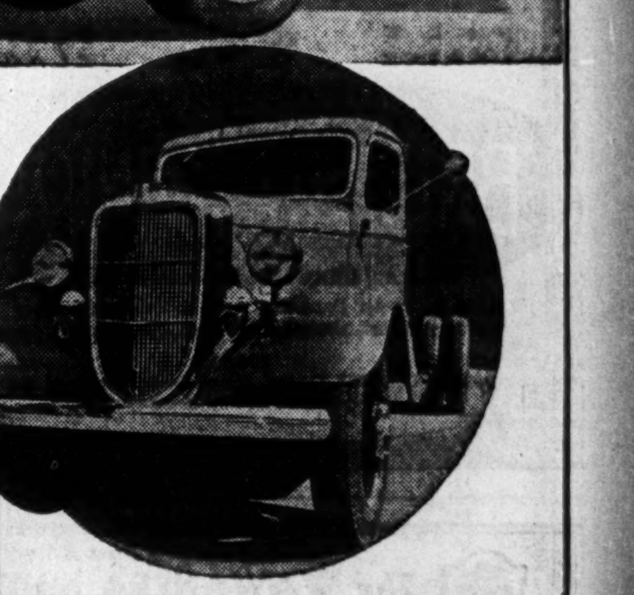
STOCKS LISTED AND UNLISTED BONDS
Hambly, Peaker & Trent
Members
THE TORONTO STOCK EXCHANGE
613 DOMINION BANK BUILDING
TORONTO
Elgin 3294

Rugged, economical FORD V-8 Fleets do the work of heavier, costlier equipment

Right: The Canadian Cartage and Storage Co., Limited, uses these 1936 Ford V-8 2-ton 157-inch wheelbase Trucks for freight hauling in Montreal.

CANADIAN NATIONAL RAILWAYS
PICK UP & DELIVERY SERVICE
170
CANADIAN CARTAGE & STORAGE CO. LIMITED

THE carefully kept operating and maintenance cost records of many large fleet operators prove a startling fact. The truth is that husky Ford V-8 Trucks handle the jobs of bigger, more expensive equipment . . . with lower first cost, positive economy, and rugged Ford-built endurance that keeps them out on the road and away from the repair shop month after month. Ford V-8 2-ton and 1½-ton Trucks have full torque-tube drive and radius rods, full-floating rear axle and straddle-mounted pinion, rugged features that have been conclusively proved by past performance. They are improved for 1936 by refinements which include greater cooling efficiency, new universal joints, easier steering, larger axle shafts and improved brakes. Your Ford dealer will gladly arrange an "on-the-job" test with the Ford V-8 Truck of the tonnage, body style and wheelbase you require . . . hauling your usual loads over your regular routes. Accept his invitation.



Above: New models for 1936 are the 2-ton and 1½-ton De Luxe Trucks. They have chromium-plated radiator shell, grille and windshield frame, and two horns. Also dome light, sun visor, cigar lighter and ash tray, ventilating rear window, and twin windshield wipers.

Left: One of a fleet of eighteen Ford V-8 2-ton heavy-duty Truck Units equipped with ladder and hose wagon bodies, installed after exhaustive tests by the Montreal Fire Department in preference to heavier, more costly units at a saving of $200,000.

FORD V-8

2-ton & 1½-ton Trucks

The economy and performance of the 1936 Ford V-8 Commercial Models have also been proved by the past. Owners' cost records show that the V-8 develops more power on a gallon of gas than any engine Ford ever made. Important refinements have improved them for the future. See the 1936 Ford V-8 Commercial Models . . . accept your Ford dealer's invitation to make your own "on-the-job" test.

Jack Parker States Case Of Insurance

Toronto Actuary Answers Questions of Life Policyholders

SPEAKS IN BUFFALO

An impressive story of the fundamental virtues of life insurance as protection for the individual, for the home, for the business, for credit, against taxes and, indeed, protection against every contingency of major importance affecting human life, was told last week by J. G. Parker, actuary, Imperial Life of Canada, speaking before the Life Underwriters Association of Buffalo, N.Y.

"During the years in which there was great restriction of credit of every kind, life insurance stood firm and functioned in a way which we might have considered some years ago to be almost beyond the powers of our institution," he said.

"In a time when the value of securities was depressed to the lowest level, life insurance companies paid their claims in full without impairing in any way their financial strength."

Advice For Old Policyholders

Speaking of the problems of old policyholders, Mr. Parker exploded the fallacy that policies with a large cash value were paying too heavily for their limited protection; he also debunked the idea that it was good business to cancel out a policy with a loan against it.

"A life insurance premium definitely takes into account in its calculation the fact that an asset is created for the benefit of the policyholder and the protection charged for in the premium is the difference between this asset and the sum assured, which is payable at death. It is absolutely wrong to let any policyholder make the statement that he is paying a full premium but only receiving a limited protection. The premium in its calculation takes this into account and he is receiving every dollar of protection afforded by that premium.

"The balance of the premium not used in paying for this protection goes to increase the asset which he has created and may I say that in no way by means of new insurance could he possibly secure this protection at the same cost.

A Fallacious Argument

"Let me illustrate: a friend of mine has a $10,000 policy 20 years old on the ordinary life plan and which has a cash value today of $4,000. He has been told that he is unwise to continue paying the premium on this policy as he is paying for $10,000 insurance whereas he is only protected for $6,000. May I say that such a statement is absolutely false, absolutely incorrect.

"In the calculation of the premium for the ordinary life policy there was taken into account the fact that the protection in the 21st year was $6,000. The balance of the premium, apart from that portion providing for the expenses, goes to increase the asset which the policyholder is creating by means of his life insurance. For example, my friend will have at the end of the 21st year a cash value available of $4,220; that is the net premium which he has paid together with the interest on the $4,000 at 3% has given him protection at the age of 60 years of $6,000, and, in addition, has created an extra asset almost equal to the premium itself.

"Many policyholders cherish the notion that in dropping a policy they now hold and in taking out another they do not sustain a loss. In some exceptional cases they may have advanced such an idea to a life underwriter without having an emphatic and definite denial made as to its truth.

"If the insuring public of this country be required to pay acquisition costs of new policies every five or ten years, which is the case when they replace old policies with new insurance, the business of life insurance must inevitably come into bad repute because it is not possible for the public to continue to pay what must be necessarily high acquisition costs over and over again during their lives for the protection which is required for their estate at death."

Policy Loan Rates

On the question of policy loans, Mr. Parker offered two reasons which he believed met the oft-repeated question as to why life companies charged 6 per cent for policy loans when companies were having difficulty in earning 3 or 3½ per cent on other high grade investments.

"First—A policy loan is distinctly different from any other type of loan. It is a loan which is not callable. If rates of interest change the policy loan rate cannot be changed, neither can the loan be called in order that the company may reinvest the money elsewhere. The policyholder has, at all times, the right to repay the loan, but the company cannot demand such repayment. It is in that way a unilateral contract, with the selection always being against the life insurance company.

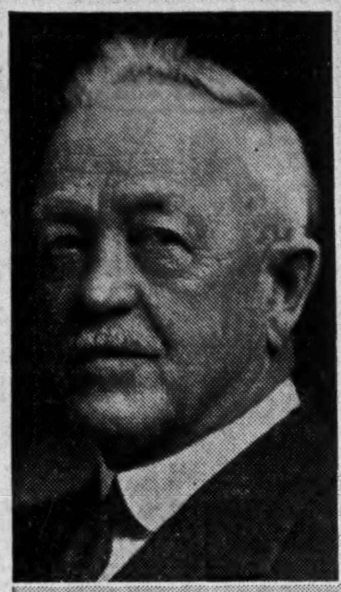
"Second—It is, in general, recognized that policy loans aggregate large amounts, yet, individually, they average small amounts. One of the large companies operating in this state has over 19,000 loans on its books on each of which the annual interest is less than $1.

"In my own company, which has an average policy in force of almost $3,000, the average policy loan is under $200, but the average loan which is made is under $100. There is no institution, financial or otherwise, which can make loans of these small amounts at a rate of interest even approximating 6 per cent and break even on it, due to the expense of making such loans."

Inflation and Life Insurance

In respect of inflation and life insurance, Mr. Parker referred his listeners to a recent article in The Financial Post which stressed the wide fluctuations in dollars that had taken place in the past 15 years and which drew attention to the fact that the position of a life insurance policyholder in this fluctuating picture was a peculiarly strong one, because nearly all life insurance contracts are bought and paid for over a period of years, which means that the policy is paid for in "average" dollars, some of which may be cheap and some dear.

Mr. Parker also urged the need of policyholder education in respect of premium taxation and gave vivid illustrations from the claims files of his own company of the way in which insurance could and was being used to further its primary message of protection.



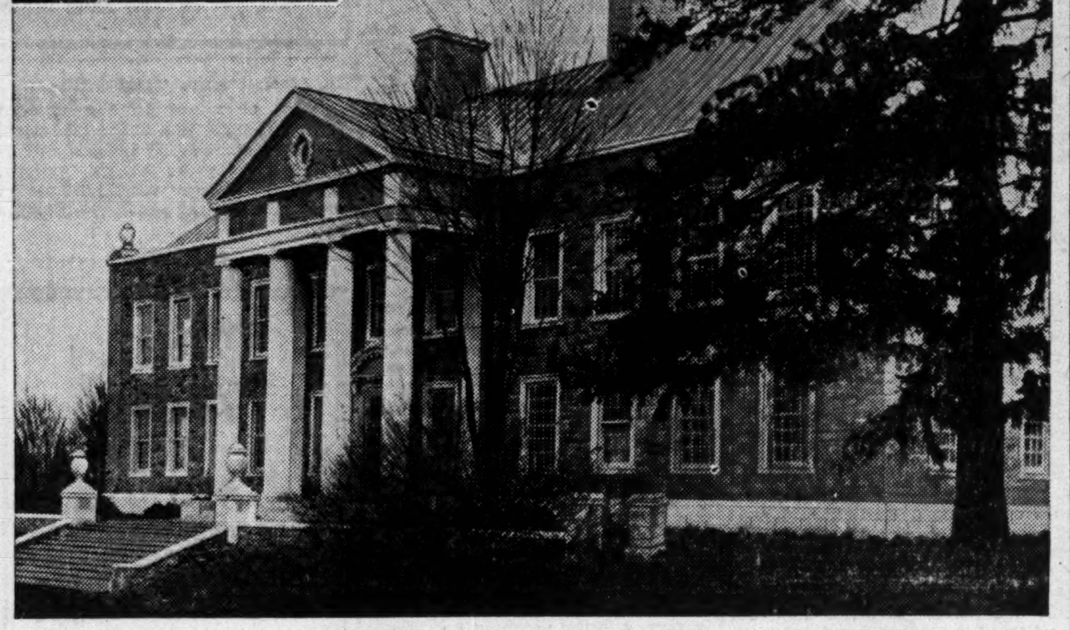
Below is the new head office building of the Gore District Mutual Fire Insurance Co., at Galt, Ont., which was officially opened May 19 by His Honor Dr. Herbert A. Bruce, Lieutenant-Governor of Ontario. The building, of colonial stone structure, was constructed by W. H. Cooper, of Hamilton.

Business offices, conference and board rooms and six private offices will take up the ground floor. The second floor, with the exception of a kitchen and lunch room, will not be used at present. In the basement there will be the vaults, locker rooms and storage accommodation. Measurements of the fireproof two-story building are 128 ft. by 43 ft.

First steps toward organization of the company were taken in 1837 but actual business was not begun until two years later. Head office, originally in Hamilton, was switched to Brantford and later to Galt.

Until recently, business of the company centred largely about head office in Galt. Last fall, however, expansion of operations to the Western provinces was announced.

Management of the company is under the direction of J. N. MacKendrick (inset) who has been with the company since 1888, for the last 28 years as manager.



Arthur Wood Praises Trend Of Advertising

It Should Remove Misconceptions, Says Sun Head

GET RESULTS

Tribute to the efficacy of life insurance advertising was paid recently by Arthur B. Wood, president and managing director, Sun Life of Canada, at the annual meeting of the Life Insurance Advertisers' Association of Canada at Montreal.

"There is probably no department of the life insurance company's organization," says Mr. Wood, "that requires more careful supervision and control than the advertising department, if undue expense and wastage is to be avoided. But money spent in judicious advertising, properly controlled, is admittedly a wise expenditure.

"We are all dependent for our new business upon the efforts of the life insurance salesmen, and all our advertising can hope to accomplish is to make his work easier. The chief benefits derived from sound advertising are that a favorable impression is established in the mind of the reader, the company's name is kept constantly before the public, and the prospective applicant is in a more receptive frame of mind when an agent calls upon him."

Change in Technique

Mr. Wood also commented on the change in company advertising practice in recent years, and drew attention to the increasing tendency to lay more stress upon the service of life insurance and how each company is equipped to perform that service rather than to emphasize points of superiority or "imagined superiority" of one's own company over competitors.

As an example, he drew attention to the institutional campaign operated jointly through the Canadian Life Insurance Officers' Association.

"During the 15 years it has been in operation, the life insurance companies jointly have expended $974,000 in placing before the public, not the particular merits of individual companies, but the important place life insurance occupies in the economic structure of the nation."

Among objectionable forms of advertising, Mr. Wood listed the type of copy where the results of a long-term endowment are used to show that all premiums have been returned at a certain rate of compound interest, and "life insurance has been thrown in free."

Stress Protection

Mr. Wood also suggested that at the present time companies might be rendering a greater service to the community and the policyholders generally by emphasizing in particular the need for immediate life insurance protection other than policies with a substantial investment or savings feature.

Mr. Wood summarized the features of a life insurance business which he thought the companies should endeavor to stress in their advertising as follows:

"First and foremost our efforts should be directed toward the sale of life insurance, the protection of the home. Endowment and deferred annuity features should be relegated to a secondary position.

Remove Misconceptions

"We should endeavor to remove misconceptions by constantly emphasizing the co-operative character of the business, particularly under the participating plan; the fact that it is the greatest co-operative enterprise the world has ever seen; that the funds of a life insurance company do not represent the wealth of a small group of capitalists but the accumulated funds of the policyholders held in trust for their benefit; that the benefits resulting from good management, as disclosed by the surplus earnings, are passed on to the policyholders for they are partners in the business and the major portion of the surplus earnings is distributed to them.

"The nature and effects of taxation should be made clear; that its burden falls not upon a wealthy corporation but upon the individual policyholders whose premiums are being taxed.

"As a measure of protection against the repeated efforts in many quarters to place additional burdens upon the companies in the form of excessive taxes, forced reductions in rates of interest, or in other ways, we should be constantly directing public attention to the benefits to the community as a whole that result from the constant distribution of policy payments throughout the country."

North American Pays Same Scale

Continuation of the present scale of policy dividends during the new policy year, which commences on July 1 next, is forecast by North American Life in the current issue of Nalaco. The new scale was introduced last year and restores regular annual increases to policyholders.

Another change announced is a reduction in the rate of interest allowed on dividends left to accumulate with the company to 4 per cent. The former rate was 4½ per cent. This change brings into line the amount of distribution to moneys left on deposit with the company, there having been a reduction on January 1 in respect of policy proceeds left on deposit with the company to 4 per cent. The lower rate on dividends also becomes effective July 1, 1936.

As a result of a special production drive in honor of President Bradshaw, the company reports an 8 per cent increase in settled business during April.

Montgomery Clark New Hanover Head

Fire Company President Succeeds Late C. W. Higley

Montgomery Clark, successor to the late Charles W. Higley as president of the Hanover Fire Insurance Co. of New York, is an insurance man with a long and varied career in the insurance field. He was 14, and an office boy in the western department of Niagara Fire Insurance Co. in 1894.

He joined Hanover Fire in 1908, after acting as adjuster for San Francisco fire losses on behalf of Calumet Insurance Co., and by 1915 he had risen to the post of assistant general agent for Hanover in the western department, with offices in Chicago.

Elected vice-president of Hanover in 1923, Mr. Clark's headquarters have been at New York during the last thirteen years. F. Elmer Sammons, secretary, and A. E. Gilbert, also a secretary, have been made vice-presidents of Hanover, coincident with Mr. Clark's advancement to the presidency.

Commercial Travellers Increasing Membership

Net membership of Commercial Travellers Mutual Accident Association of America, in Canada, increased ten per cent as at the end of 1935 compared with the corresponding period the previous year, according to officials of the company.

Underwriting experience is reported as satisfactory, with income from members exceeding claims by a modest margin. The company has on deposit with the Receiver-General at Ottawa $22,000 to cover its obligations in this country.

In its 53rd annual report, total assets are shown as $2,292,000, with a surplus over all liabilities of $738,702.

Western Mutual Casualty In Hands of Liquidators

Western Mutual Casualty Insurance Co., with offices in the Sterling Trusts Building, Regina, is in the hands of liquidators following cancellation of its license by A. E. Fisher, superintendent of insurance of Saskatchewan.

The company is the first insurance concern to close its doors in Saskatchewan for years. It commenced operations two years ago. C. Pitcher was president and H. J. Crawford, manager.

New Licenses

The following companies have been issued certificates of registry by the federal department of insurance to write the classes of business named:

MERCANTILE INSURANCE CO.—Accident insurance, in addition to the classes for which it is already registered.

SPRINGFIELD FIRE & MARINE INSURANCE CO.—Fire, automobile excluding bodily injury, explosion, hail, inland transportation, personal property, sprinkler leakage, tornado, and in addition, limited to insurance of properties already covered for fire, earthquake and falling aircraft.

NEW PRESIDENT

W. J. Cowls, advertising manager of Mutual Life of Canada, who was elected president of the Life Insurance Advertisers Association of Canada at its annual meeting at Montreal recently.

Insurance Inklings

H. R. LAURIE has been appointed underwriting executive of London Life. He will continue to have direction over the selection of risks in industrial and ordinary branches.

DR. J. THORNLEY BOWMAN has been appointed associated medical director of London Life. He was formerly assistant medical director.

G. F. ENGLAND, formerly secretary of investment department, London Life, has been made investment executive, with direction over both mortgage and securities departments.

R. W. WARD, formerly secretary, ordinary collections and records department, London Life, has been appointed agency secretary.

W. R. CHIDLEY has been appointed manager for New Brunswick of the Dominion Life with headquarters at Saint John. He has for some years served as branch secretary of the Toronto King St. branch.

V. R. SMITH, general manager, and C. D. DEVLIN, general superintendent of agencies, Confederation Life, are in England representing head office at the Great Britain convention in May. Afterward they will visit various branch offices throughout United Kingdom.

D. CAMPBELL SCOTT has been appointed supervisor at the London agency of Great-West Life. He will assist manager W. P. Gilbride in development of territory outside the agency centre.

EARL M. SCHWEMM has been appointed branch manager at Chicago for Great-West Life. Mr. Schwemm has been in the life insurance business since 1927, and leaves the position of agency supervisor at Chicago of the Connecticut General to join the Great-West.

Doubly Satisfactory
A company which has adhered to the policy of providing full insurance protection and of paying losses without quibbling equivocations.
A Good Company for the Agent and a Good Company for the Policyholder.
BRITISH TRADERS INSURANCE CO. LTD.
Head Office for Canada:
Metropolitan Building, Toronto
COLIN E. SWORD, Manager for Canada
Branches: Montreal, Vancouver, Winnipeg

FIRE MARINE 1807 PLATE GLASS
EAGLE · STAR & BRITISH DOMINIONS INSURANCE COMPANY LTD
OF LONDON, ENGLAND
Head Office for Canada: 217 Bay Street, Toronto
J. H. Riddel, *Manager*
V. G. Creber, *Asst. Manager*
AGENTS:
DALE & CO., LTD., *General Agents*, Toronto, Montreal, Halifax.
E. L. McLEAN LTD., *General Agents*, Toronto.

"Canada's Largest Fire Mutual"
The WAWANESA MUTUAL INSURANCE CO.
Ranks 3rd against all companies on total volume of fire business written in Canada
FIRE WINDSTORM SPRINKLER LEAKAGE AUTOMOBILE LIABILITY DOCTORS' AND DENTISTS' LIABILITY PLATE GLASS
Head Office—WAWANESA, Man.
Eastern Office—341 CHURCH ST., TORONTO, Ont.
Branches also at Vancouver, B.C.; Edmonton, Alta.; Regina, Sask.; Winnipeg, Man.; Montreal, P.Q., and Moncton, N.B.

OVER $1,000,000 DIVIDENDS PAID TO POLICYHOLDERS IN 1935...
Fire Insurance that Pays Dividends
BRANCHES: Toronto Hamilton Ottawa Vancouver Kelowna Victoria Edmonton Calgary Saskatoon Winnipeg Montreal Quebec City St. John Halifax
Save up to 30 per cent. on your Fire Insurance by participating in these annual dividends. Full information will be gladly supplied by our nearest branch office.
NORTHWESTERN MUTUAL FIRE ASSOCIATION
Non-Assessable Policies Assets $6,000,000.

RELIANCE INSURANCE COMPANY *of* CANADA
· Montreal ·
Property Insurance

OVER HALF A CENTURY OF "SERVICE WITH SECURITY"
THE PORTAGE MUTUAL INSURANCE CO. MUTUAL SERVICE WITH SECURITY
PORTAGE POLICIES
give full protection with absolute security and prompt settlement of claims
Est. 1884
The PORTAGE LA PRAIRIE Mutual Insurance Company
Portage la Prairie, Man.
WINNIPEG REGINA CALGARY
WRITING FIRE AND WINDSTORM

FIDELITY
Insurance Company of Canada
TORONTO

ESTABLISHED IN 1850 ÆTNA SYMBOL OF SECURITY
The Ætna Life Insurance Company, writing Life, Group, and Accident insurance, has been a Canadian institution since 1850 . . .
CALGARY • MONTREAL • TORONTO • VANCOUVER • WINNIPEG

A MUTUAL COMPANY
NORTH AMERICAN LIFE
Solid as the Continent
HEAD OFFICE —
Toronto, Canada
ALL PROFITS FOR POLICYHOLDERS

THE MANUFACTURERS LIFE
Offers you Security
LIFE Insurance provides financial security—its possession means freedom from fear of privation for yourself and for your loved ones.
INSURANCE COMPANY
HEAD OFFICE
TORONTO, CANADA
Established 1887

THE GREAT-WEST LIFE
ASSURANCE COMPANY
WINNIPEG
INSURANCE ON THE LIFE OF

Endow Yourself
See a Great-West man. He will show you how an Endowment or a Retirement Income Policy can be added to your assets. Rates and plans to suit your circumstances. Funds saved out of current income mount up surprisingly as the years go by, especially when invested The Great-West Life way.
To the Pleasant Places of the World . . .
A Great-West retirement policy is your ticket and passport to the pleasant places of the world. It is transportation de luxe, providing you with the height of service during the retirement years of life. The destination is yours to choose. You can travel or stay at home — live where it is most convenient and do the interesting things for which you have never found time. And, if anything should happen to prevent your reaching the age of retirement, those who are dependent upon you will be protected by Life Insurance in a great Canadian company.
THE GREAT-WEST LIFE ASSURANCE COMPANY
HEAD OFFICE WINNIPEG

Bank Chat

Gold "War Chest"

ABOUT $6 billions of gold will be shipped from Philadelphia and New York to the newly constructed United States "strong box" at Fort Knox, in Kentucky, in the near future.

The metal will be transported in special trains, heavily guarded, at a cost of about $1.5 millions. It is believed that no part of it will ever leave Fort Knox within the present generation, since the gold is considered as an untouchable trust fund, the minimum reserve on which the bank credit of the United States is to be based.

The gold is more likely to be added to than diminished, according to the Whaley-Eaton Service, reporting the impending movement. The gold is described as "the war chest of a commercial nation."

• • •

Canada's New Coins

CANADA'S first issue of coinage bearing the head of King Edward VIII will follow the practice of showing the king crowned. The custom is that British coinage bears the uncrowned head of the king, and although the same master dies are used for the United Kingdom and Canada, the mother country uses special dies for its coinage.

The king will choose the design from sketches by famous artists. The design will also be approved by the cabinet at Ottawa, but the manufacture of the master dies will be entrusted to the Royal Mint in London. The Canadian design will differ from that on the new British coinage, it is understood, but it will be similar to that used on most of the Dominion coins.

• • •

BRITISH COLUMBIA is still playing about with dollars, Following the drive for silver dollars which evoked so much interest, and, perhaps purposely, so much publicity, a Vancouver newspaper has now begun a "rolling dollar" scheme. The idea is that a form is attached to the back of a dollar on which recipients inscribe names and addresses and the goods for which the bill was exchanged.

In order to ensure quick turnover, the bill is recallable at any time by the paper, when the seventh last name on the attached list will be awarded five dollars. One condition: Everyone who handles the bill must phone the newspaper office and record his name. Meanwhile, meanderings of the "rolling dollar" will help fill the news columns.

While the turnover of this particular dollar may not be representative, owing to the incentive to spend it, substantial public interest will undoubtedly attach to its travels. It appears to be an exceptionally inexpensive publicity scheme.

• • •

"Please Remit"

ALBERTA has been reminded that Major Douglas expects to be paid for his advice whether or not it is accepted.

Alberta has received a bill for about $32, from Major Douglas on his own letterhead, with an accounting of cablegrams sent by him to the Alberta government. The cablegrams were sent from London to Edmonton during the few days preceding the break between Major Douglas and Mr. Aberhart. They were prepaid; and Major Douglas asks that he be reimbursed.

Members of the Alberta government, hold the view that the $32 might well be deducted from the $6,000 paid Major Douglas at various times by Alberta. To date the bill remains unpaid.

Bankers Claim N. B. Not Fair In New Taxes

If Applied to Dominion Would Take 45 p.c. of Earnings

"SOAKED" THEY SAY

What lies behind New Brunswick's newly imposed special taxation on chartered banks operating in the province?

Is there a deliberate policy of "soaking the banks," or is the province driven by necessity to raise new revenue from any source conveniently available?

Unofficially, bankers answer "Both."

Officially, they maintain silence and hesitate to commit themselves. There is no desire to condemn New Brunswick, because under normal conditions New Brunswick is an important and profitable field of banking.

However, bankers admit the new taxation is regarded as "unfair," that it is based on an earning premise entirely out of keeping with the facts, and that it penalizes banks for conditions over which they have no control.

Monthly Volume

In detail, the amended act requires that any bank doing business in the province shall be rated and assessed on the average monthly volume of business done in the province for the year immediately preceding such assessment.

Volume of business is determined by the average of all loans and investments including overdrawn accounts, notes and bills discounted, current accounts, call loans, loan accounts, past due bills, foreign exchange and any other advances except mortgage corporation advances secured by mortgage, and in addition on the average of all deposits including current and savings, special deposits and any other balances due to or by a bank, excepting branch bank balances due to or by its head office.

Returns covering this information must be made by the chief bank officer in the province or from its head office each January, "in such detail as may be required by the provincial secretary."

Taxation already imposed on banks operating in New Brunswick consists of a levy of 1/30 of 1 per cent on the bank's average of loans plus deposits, and a special tax of 1/30 of 1 per cent on the same average of the total of loans and deposits, or a tax of 1/15 of 1 per cent in all.

A New Burden

But this taxation is now increased by a new levy based on the excess of the average monthly amount of deposits over the average monthly amount of loans, including treasury bills of New Brunswick and "the amount of the excess of average total investments for the preceding calendar year in bonds or securities of or guaranteed by the province and bonds or securities of cities, towns, and municipalities and school districts in the province, over the average total investments in such bonds or securities for the year immediately previous to such succeeding year."

The tax, based on the difference between deposits and loans, is to be a percentage not to exceed ½ of 1 per cent of the taxable excess. Unlike the previously existing tax on the total of the two items, (deposits and loans), the new tax will be based on the excess of deposits over loans.

In this feature, bankers see elements of unfairness. Loans, they assert, are made to the head office of companies and in many cases of large corporations operating in New Brunswick such loans cannot be deducted as exemption from the new tax because head offices are not located in the province.

In effect, the compilation of loans to be deducted from deposits can only be those made directly by branch banks in New Brunswick, and these, it is claimed, do not represent by any means the actual total of loans made to assist industry in the province.

Bankers cite hypothetical cases of large utility, railroad, machinery or other companies with head offices in Montreal, Toronto or other Canadian cities, but which engage in large scale business activity in New Brunswick.

Loans to these companies may be made for purposes of their business in New Brunswick, but there is no basis on which a part of the loan can be apportioned to New Brunswick and deducted from the deposit total.

Nor are the bankers any more satisfied with the basis of earnings on which it is assumed such a tax is a fair levy.

If, for example, the same system were applied by the Dominion, the result would be confiscation of almost half the banks' earnings annually. In 1935, earnings available for dividends were $12.8 millions, the combined total of all Canadian chartered banks.

Almost Half of Earnings

And in the last chartered bank statement for March, total deposits were shown at $2,101 millions with loans of $940.8 millions. Taxing the difference between the two at ½ of 1 per cent would result in a tax of $5.8 millions.

In other words, the tax would be 45 per cent of the banks' earnings.

Taxation on such a basis is fundamentally unsound and defeats its own purpose, bankers believe.

Weekly Bank Clearings

	May 14 1936 $	Change year ago %	May 7 1936 $
Halifax	2,078,134	— 11.6	2,952,144
Saint John .	1,660,614	— 2.8	2,323,350
Moncton ...	712,373	+ 15.9	777,980
Sherbrooke	620,940	— 13.0	713,303
Quebec	4,150,251	+ 7.8	5,675,951
Montreal ..	83,290,313	— 6.3	157,562,153
Ottawa	27,021,784	+ 32.0	71,418,518
Kingston ..	506,764	+ 4.6	722,475
Peterborough	595,951	— 8.1	736,206
Toronto ...	117,066,883	— 10.6	161,886,753
Hamilton ..	4,103,294	+ 5.6	5,149,392
Kitchener ..	1,068,311	— 16.0	1,261,821
Brantford ..	807,160	+ 1.2	1,228,893
London	2,433,188	— 8.4	3,937,183
Chatham ..	429,318	— 6.1	614,033
Windsor ...	2,657,803	+ 7.7	3,275,933
Sarnia	475,579	+ 7.4	562,753
Sudbury ...	952,482	+ 17.2	835,262
Fort William	873,208	+ 38.8	961,110
Winnipeg ..	60,157,517	+ 82.7	81,768,965
Brandon ...	263,416	— 3.0	357,849
Regina	4,449,342	+ 35.4	5,923,683
Moose Jaw	482,050	— 2.9	714,422
Saskatoon .	1,327,740	— 9.7	1,694,972
Prince Albert	330,359	— 5.7	431,550
Edmonton .	3,985,191	+ 11.2	4,520,674
Calgary	6,669,504	+ 37.3	8,012,516
Medicine Hat	228,917	+ 12.1	273,455
Lethbridge	449,736	+ 17.6	500,878
N. W'minster	585,775	+ 7.5	712,644
Vancouver .	16,135,948	+ 8.6	19,828,856
Victoria	1,565,034	+ 5.7	1,986,376

NATIONAL TRUST CHANGES

Terence Sheard (left), assistant manager of National Trust Company at Montreal, who has been appointed assistant manager of the company's corporate trust department at Toronto. He went to Montreal from Toronto three years ago. David Strachan (right) has been appointed assistant manager at Montreal in succession to Mr. Sheard. He has been estates manager at the company's Montreal office for some years.

P.E.I. Amends Taxation Laws

Trust Company Levy is Placed at $400 Minimum

Changes in insurance taxation and in the levies against trust, loan and building companies are contained in amendments recently introduced into the Price Edward Island legislature.

Prince Edward Island has an annual tax rate of $225 for fire insurance companies doing business in the province, one per cent on life insurance premiums, $75 for accident insurance companies and $50 for guarantee companies.

New legislation amending the income and personal property tax laws provides that insurance taxation will apply to insurance exchanges as well as insurance companies. Special insurance brokers, engaged in fire insurance, will, however, pay a tax rate to be determined from time to time by the lieutenant-governor-in-council.

All loan and building companies pay $150 a year, but copies of the new amendments reveal that this is reduced to $100, while the $400 annual tax on trust or trust and loan companies operating in the province is replaced by a tax of four per cent on gross earnings, with a minimum of $400 to be payable by each company.

Gross earnings are calculated on the business of the twelve months immediately preceding April 1 of each year.

Bank of Canada Weekly Statement

Major change in last week's Bank of Canada statement was a decrease of $11.5 millions in deposits of chartered banks, following the sharp rise noted the previous week. This is reflected among the bank's assets chiefly in a marked decline in "all other assets." Reason for the fluctuations over the two weeks is believed to have been refinancing activity by industrial concerns.

Reserve ratio strengthened considerably, during the week, giving effect to the reduction in deposits and an increase in United States reserve.

Balance Sheet

Liabilities	May 13 $	May 6 $
Capital paid-up	5,000,000	5,000,000
Notes in circ.	91,435,859	91,197,571
Rest fund	173,092	173,092
Dep.: Dominion	26,772,183	21,273,188
Banks	183,363,789	194,826,024
Other	802,558	764,911
Total deposits	210,938,530	216,864,123
All other liabs.	1,914,633	3,241,519
Total liabs.	309,462,114	316,476,305
Assets		
Reserve: Gold	179,737,898	179,647,980
Silver bullion	1,682,678	1,682,678
Res. in sterling ..	1,096,602	1,875,630
Res. in U. S.	11,395,921	9,258,799
Res. elsewhere ...	11,428	11,462
Total reserve	193,924,527	192,476,569
Subsidiary coin	337,699	305,747
Advances	2,000,000	2,000,000
Investments:		
Dom. govt. short.	28,220,624	28,757,764
Other Dom. govt.	82,096,959	82,418,314
Total invest.	110,317,583	111,176,078
Premises	122,301	122,709
All other assets	2,760,004	10,395,202
Total assets	309,462,114	316,476,305
Reserve ratio	64.13%	62.48%

Robert W. Steele Named Director of Crown Trust

Robert W. Steele, president of Asbestos Corp. Ltd., has been elected a director of Crown Trust Co., Montreal.

Mr. Steele is vice-president of Brompton Pulp and Paper, and a director of Canadian Collieries Dunsmuir Ltd., Western Fuel Co. Ltd., Claremont Paper Co., St. Lawrence Paper Mills Ltd., Valleyfield Silk Mills Ltd., and Bathurst Power and Paper Co. Ltd.

Staff Changes

GEORGE WADE, member of the Bank of Montreal staff at Watford, Ont., has been transferred to Toronto. H. M. WATSON, of Toronto, replaces Mr. Wade.

The Royal Bank has made the following changes in staff:

A. B. WHITE, to be acountant at Hamilton.

J. E. BELL, formerly manager Sherbourne & Queen, Toronto, to be manager at Danforth & Dawes, Toronto.

J. W. BRADSHAW, formerly manager at St. George's, Grenada, to be inspector at superintendent's department, Port of Spain.

J. M. BERNUY, to be manager at Montreal East.

J. W. CONNELL, formerly manager at Middle Musquodoboit, to be manager at Weymouth.

J. V. B. SAINT-CYR, formerly manager at Montreal East, to be manager at Sherbrooke & St. Denis, Montreal.

A. R. LA FLECHE, formerly manager at Sherbrooke and St. Denis, Montreal, to be manager at Atwater and Notre Dame, Montreal.

P. H. FISHER to be manager at Sherbourne and Queen, Toronto.

H. J. SMALL, manager, Rodney to Mount Forest, Ont., as manager.

R. A. DOUGLAS, manager, Maitland to Middle Musquodoboit, N.S., as manager.

A. F. M. LINDSAY, manager, Mount Forest to Rodney, Ont., as manager.

J. A. MacDONALD, appointed accountant at Smiths Falls, Ont.

J. WILLOCKS, appointed manager at Ripley, Ont.

H. W. WHITTLES, manager, Roseau, Dominica to St. George's, Grenada, as manager.

The bank announces the death of C. Arias on May 4. Mr. Arias was manager of the Havana, Lonja del Comercio branch.

Foreign Exchange

Interest in foreign exchange markets centres largely about the franc. Although showing strength to May 15, later quotations eased off somewhat. On balance, however, French currency showed a slight appreciation over the week.

Some authorities view developments in France as definitely portending franc devaluation. Restrictions on the sale of gold coins and foreign currencies, which have, in effect, removed her from the category of "free-gold-market" nations, are believed the first step to official action in enforcing restrictions.

The Whaley Eaton Service contends that "the Socialist tactics are designed to permit the situation to proceed to the point where devaluation will be forced, thus giving the new government the opportunity to place responsibility for devaluation upon 'activities of reactionary opponents.'" It is predicted that a crisis will be reached when the Socialists take office on June 2.

FOREIGN EXCHANGE AT TORONTO AND MONTREAL

	Par $	May 12	May 13	May 14	May 15	May 16	May 18
U. S. dollar, High	.5906	1.00 3/32	1.00 7/64	1.00 3/32	1.00 7/32	1.00½	1.00 3/32
Low	.5906	1.00 1/16	1.00 7/64	1.00 1/16	1.00¼	1.00 1/16	1.00¼
1935, High	.5906	1.00	1.00	1.00⅛	1.00⅛	1.00	1.00
Low	.5906	0.99 31/32	0.99 31/32	0.99 15/16	1.00 1/16	0.99 31/32	0.99 15/16
U. K. pound	4.8665	4.98	4.9768	4.97½	4.98¾	4.98	4.99
Argentina	.4246	.2753	.2761	.2759	.2769	.2774	.....
Australia	4.8665	3.9771	3.9748	3.9735	3.9765	3.9765	3.9830
Austria	.1407	.1881	.1882½	.1885	.1887¾	.1885	.1886
Belgium	.1392	.1699½	.1698	.1700	.1701	.1696¼	.1695
Brazil	.1963	.0560½	.0566	.0566¾	.0567½	.0566¾	.0566¾
Czechoslovakia	.0296	.041613	.0416½	.0417	.0417¼	.0416½	.0415½
Denmark	.2680	.2224	.2224	.2224	.2226½	.2225	.2229
France	.0392	.065987	.0661¼	.0662½	.0662¾	.0661¼	.0660½
Germany	.2382	.4041	.4041½	.4048	.4046½	.4040½	.4038½
Greece	.013	.0094¼	.0094¼	.0095	.0094½	.0094½	.0094½
Holland	.4020	.6763	.6774½	.6790	.6800	.6784	.6781
Hungary	.1749	.1982	.1984	.1986	.1993½	.1986	.1986¼
India	.3650	.3788½	.3793	.3797	.3801½	.3797	.3797
Italy	.0526	.0791	.0790	.....	.....	.0789	.0790
Japan	.4985	.2907¾	.2915½	.2919	.2923	.2919	.2919
Jugoslavia	.1929	.0230½	.0230½	.0231	.0230½	.0230	.0230
New Zealand	4.8665	4.0171	4.0148	4.0136	4.0165	4.0165	4.0231
Norway	.2680	.2503¼	.2502	.2503	.2507	.2504	.2506
Poland	.1122	.1892	.1894	.1896	.....	.....	.....
South Africa	4.8666	4.9563	4.9535	4.9518	4.9556	4.9554	4.9638
Spain	.1929	.1368¼	.1370½	.1373	.1374	.1371	.1370
Sweden	.2680	.2568	.2567	.2568	.2572¼	.2569	.2574
Switzerland	.1930	.3237	.3246	.3254	.3254	.3247	.3246
Hong Kong	.5422	.3288	.3291	.3280	.3289¼	.3285¼	.3280

Chaotic Banking Threatens China

Economic collapse of rural China is threatened by continuance of the chaotic banking system of the country, according to Leonard T. K. Wu. visiting research associate of the American Council, Institute of Pacific Relations.

Causes of present conditions include a rural credit system which permits interest rates of 100 per cent or higher. The results are already evident in decreased agricultural productivity, a shrinkage in national purchasing power, and a violent drop in China's domestic and foreign trade during the last few years.

China's farm output is declining, and will continue to do so, Mr. Wu says.

Cash is Depleted

There is a general drain on the cash reserves of rural China, which is creating an extremely tight credit situation.

This, in turn, is bringing more of the business of money lending into the hands of the smaller landlords and merchants, and diverting it from modern banks or co-operative organizations. There is also an excess of imports from the cities over the exports of the interior.

Exodus of large land owners and rich merchants to the larger cities, wars and natural calamities are among other factors adversely affecting China's economic structure.

Alberta Govt. Favors Refunding for Cities

Provided the procedure is found to be legal, Alberta is willing to include the debts of the cities of Calgary and Edmonton in its refunding scheme, according to a statement by Mayor Andrew Davison of Calgary, following a meeting of a committee of the Calgary city council with the provincial cabinet.

This was one of the suggestions made by the government authorities in an effort to prevent Calgary going into default on July 1 because of a shortage of ready cash.

To the city's plea for financial assistance, the province turned a deaf ear, Premier William Aberhart stating definitely that the province would be unable to extend any financial assistance. A desire was expressed, however, to help the city in every way possible in order to avoid default.

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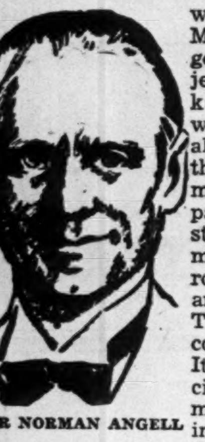
"The Money Mystery"

This is the eighth of a series of articles by Sir Norman Angell, in which the noted writer takes the "mystery" out of money and credit.

By SIR NORMAN ANGELL

We shall understand most easily the nature of banking, and what banking does to money (as we shall understand best so much else in the money mystery) by knowing how banking actually began and grew. A clear and simple notion of the facts will give us the best notion of the theory.

Modern banking began with goldsmiths.



SIR NORMAN ANGELL

It was the custom of wealthy men in the later Middle Ages to deposit their gold and silver, money, jewels, and plate for safe keeping with goldsmiths, whose premises were especially well guarded against theft. A land owner or merchant having a large payment to make would, instead of fetching the actual money and carrying it over robber-infested roads, give an order on the goldsmith. The recipient of that order could, of course, pass it on. It might be a long time in circulation without the money or valuables ever being called for. At a time of Crusades, for instance, the owner of money or valuables deposited with a goldsmith might be gone for years, and it was almost inevitable that a goldsmith, knowing full well that much of the money deposited with him would not be called for during a long time, should, meantime, lend it; knowing that a Crusader could not possibly return for a year to get his money, it seemed perfectly safe to lend it at a good rate of interest to a merchant for six months. The goldsmith, as a further safeguard, knew that when the Crusader returned and withdrew his money or jewels, other Crusaders starting off would make a deposit of money, and that this second deposit could be used to pay the first.

Mechanism Similar Today

Let us be clear as to the mechanism, for in a different way, a very much better managed way, the same sort of thing is being done by banks today.

Jones deposits with the goldsmith one thousand pounds in bullion and coin and goes off on a journey which the goldsmith knows will keep him away for a year. The goldsmith thereupon lends this thousand pounds to Brown, engaged in buying wool from farmers to sell to manufacturers. Brown does not want to cart bullion about the country, and says, "I will leave the bullion with you and give the farmers orders on you, your notes."

The farmers accept these notes knowing the goldsmith as a great London merchant. Brown passes out the notes to a farmer in exchange for the wool. The farmer's wife goes to town and buys clothes for a dress, paying the shopkeeper with the goldsmith's notes. The shopkeeper passes the notes on to the manufacturer, who uses them to pay Brown for the wool who hands them back to the goldsmith, in discharge of his debt, without ever having touched the bullion at all, which in fact, may long since have been returned to Jones.

The handsome profits earned on this business of owing and lending money which is not asked for, doubtless encouraged the goldsmiths to devote themselves to it and, as a next step, to attract deposits of money by offering interest for the use of it, making their profit by charging a higher rate to borrowers. The beginnings of bank-notes arose from the fact, already noted, that a merchant or a landowner having deposited a given sum of money with a goldsmith for safe keeping, accepts the goldsmith's I.O.U., or promise to pay, and passes it on in payment of the depositor's own debts, the document remaining perhaps in circulation a long time without any call being made for the money. The goldsmith realizes that not all his promises to pay will, or even can be, presented at once, and that he can, in consequence, lend more than the amount of gold which he has actually in his vaults, or, in other words, that he can issue bank-notes far in excess of his capital. Thus gold or silver was enabled to do many times as much work as before, by being circulated in the form of notes issued to the extent of many times its value, while all the time it lay in what Mr. Hartley Withers calls "dignified repose, subject to no wear and tear." As long as the system was not abused, it was a most useful and beneficial invention.

It is an interesting fact in this connection that, contrary to our expectations of what would seem to be the natural order of things, note-issue preceded deposit business as a banking function.

As Bagehot explains, this is due to the fact that note issue depends upon the enterprise—or the recklessness—of a single banker, whereas deposit banking depends on the public.

Banking Free Field to All

In the eighteenth century, any person, however, impecunious, could start a "bank" in Great Britain and—until 1775 at all events—issue notes purporting to be payable on demand. As one historian put it, "every grocer, draper, tailor, and haberdasher, who chose, might flood the country with his miserable rags." In one instance a bank was started by four partners who subscribed capital to the extent of £500 each. In a few months time they had a note issue of nearly £14,000, and in twenty years, while their capital had risen to £8,000, their note issue had extended to £180,000.

Of course, banking of that character was a sort of tightrope performance. It worked as long as not too many depositors wanted their money all at once. But we know from many an incident of banking history that a "run" would bring the whole thing down with a crash. And even if that did not happen, note issue in the unregulated way of the eighteenth century—which continued in many countries well into the nineteenth—meant that the notes of each bank had their own degree of depreciation. In the early days of the nineteenth century, in the United States notably, a business man travelled with a bank-note list which he had to keep up to date, showing the depreciation of the notes of each bank, so that when he accepted a bank-note he was more or less aware of the value of what he was getting.

It was evident that this sort of thing could not continue. In the early nineteenth century disasters were so frequent in England that in 1844 an act was passed forbidding all but certain specified banks to issue notes. Today the issue of notes is legally regulated in every country and, except in the United States (where, however, the regulations regarding note issue are extremely complicated) has passed or, as in Canada, is passing out of the hands of commercial banks altogether.

But the granting of credit has not. A bank can grant a loan, thus creating a deposit, and that deposit can be subject to cheques, which are used pretty much (but with one very important difference to be indicated presently) as the goldsmith's notes were used in the eighteenth century.

The essence of both arrangements is **mutual indebtedness.** In the story of the wool dealer recounted above, the goldsmith lends Brown the thousand pounds deposited by the Crusader (or whom you will.) But Brown does not take the the actual bullion. He takes the goldsmith's "promises to pay"—notes. While Brown is travelling about the country with the goldsmith's notes, the Crusader returns and takes his bullion. Whereupon, one might argue, the goldsmith is in queer street; Brown holds notes calling for a certain amount of bullion which the goldsmith no longer possesses, and Brown might return and say "Hand over the bullion for which these notes call." But the goldsmith holds something more than the bullion; he holds Brown's promise to pay a thousand pounds, and the goldsmith could argue: "Hand me back these notes in discharge of your debt and you have nothing wherewith to make a claim upon me. Pay your debt to me and I can pay my debt to you, irrespective of whether the bullion is there or not."

Money Not Created "Out of Air"

Now, concerning that situation two confusions, setting up all sorts of monetary fallacies, are apt to arise. It is argued that the goldsmith "created" money "out of the air" by his own volition, as it were; and that the modern system of checkable deposits has exactly the same monetary effect as the old eighteenth century bank notes.

Both propositions are unsound, and it is very important to see why.

First, as to "creating credit and money." A banker cannot "create" either. He can only, as it were supply the spark which enables the petrol to drive the engine; if neither petrol nor engine is there, he is helpless.

The notes given by the banker and used by Brown in the above were money, and good money. But they were good money thanks to factors with which the goldsmith had nothing to do. The wool for which Brown paid the farmers actually was delivered; it was good wool, made into good cloth which the farmer's wife was willing to buy. But suppose that having paid the farmer for the wool it was stored in an uninsured warehouse destroyed by fire. In that case Brown could not ship it to the manufacturer, the manufacturer could not weave it, could not sell the cloth to the shopkeeper who could not sell it to the farmer's wife, so that the notes could never have found their way back to Brown, who could not have paid his debt to the goldsmith, who would have found himself faced by claims which he could not meet, and would have been bankrupt—as many an eighteenth century banker was bankrupt by just that sort of failure of calculation.

Incidentally, if bankers can really create money why are they ever bankrupt?

Develop the automobile illustration. You have an automobile that won't work. A first class mechanic comes along and does certain things. The machine now goes. He has not brought into being a single screw or nut. He has re-arranged them in such a way that the pre-existing material now achieves certain results it did not originally achieve.

Bank-notes are money in the proper sense of the term, not merely currency, as are such other means of exchange as the cheque, the bill of exchange, the promissory note, the acceptance note, etc.

Deposits Out-Rank Notes

Professors Fairchild, Furniss, and Buck put it thus:

"It is evident that the modern community makes constant use of bank credit for a medium of exchange. Now banknotes are money. But deposits are not, their acceptability in exchange for other things being not general but limited. Yet in volume and importance of the service, bank deposits far outstrip bank-notes. . . . It appears, then, that while money exists primarily to serve as a medium of exchange, the great majority of exchanges are put through without the use of money. This makes it convenient to have another term, broader than money, which shall include everything that serves as a medium of exchange. The term currency has been adopted . . . In noting the great importance of bank deposits and other forms of currency which are not money, the reader will, of course, not lose sight of the fact that all such forms of currency are themselves rights to receive money; in other words, that the whole currency system is definitely based upon money."

These latter instruments of credit that become, in fact, media of exchange, are cancelled, disappear from circulation as soon as the specific exchange purpose for which they were created is accomplished. Not so with the bank-note. It is issued, not with reference to some particular operation like the building of a house, the shipping of a cargo, but constitutes an addition to the money stream which continues irrespective of the completion of specified operations. It is true that if convertibility, (redeemability) in gold or other legal money is to be maintained, the quantity cannot be indefinitely increased. But only experience could teach how far it is prudent for bankers, or governments, to stretch the multiplication of money by issuing promises to pay it.

Difference in Notes, Credit

The difference between the bank-note and certain credit instruments which also serve as media of exchange may be clarified by an illustration.

A charitable institution has secured, for relief of the unemployed, a given quantity of food which it distributes by means of meal tickets. These tickets are sometimes used by the men who receive them as "means of exchange." One gives away his ticket in return for tobacco, another for articles of clothing, etc. In this way they pass from hand to hand, and may have changed hands many times before being used to secure a meal. But, of course, once given up and the meal eaten, they are cancelled, destroyed. The ticket is thus "withdrawn from circulation." Under such a system the institution is able to determine exactly the demand for meals which will be made upon its resources.

But suppose that the meal tickets, or some of them, instead of being cancelled are passed out again by unscrupulous employees of the institution in order to obtain in exchange from the men cigarettes or other things? The meal tickets thus remaining in circulation (being used after the meal each ticket represented had been eaten) would soon so strain the food resources of the institution that the meals would necessarily get smaller and smaller; many holding tickets might finally have to go without meals altogether. The number of tickets would no longer indicate the number of meals that would be called for.

Now that illustration roughly indicates the difference between bank-notes and cheques. Cheques are the means by which a loan made to a customer is turned into money, checkable deposits. But the cheque, having served its purpose, is cancelled; it is temporary money. There are other instruments of credit which certainly serve as a means of exchange—as do the meal tickets— but which have no inflationary effect because they are issued in respect of certain specific operations; the financing of a cargo, the harvesting of a crop. When the cargo has passed into consumption, or the crop is sold and eaten, the particular instrument, promissory note, or what not, is cancelled and ceases to function any more as currency. Whereas, if the bank credit takes the form of notes, as in the case of the eighteenth-century bank just mentioned, a more or less permanent addition is made to the money in circulation.

Take a different illustration.

A builder proposes to build a house which he hopes to sell at a profit. He needs a loan of $5,000 for material. The bank grants it and, we will assume, in eighteenth-century fashion, just prints more of its own notes wherewith to make the loan. With these notes the builder pays brickmakers, etc. He sells the house—at a sacrifice—for $5,000. The money he receives is also in notes of the bank from which he borrowed. He takes these notes to the bank, which return to the builder his promise to pay and cancels the debt.

But by the eighteenth-century method the notes would not be cancelled. They would remain as a permanent part of the money stream.

No Addition to Money Stream

What happens in the case of cheques?

The loan is created, the builder pays a cheque to the brickmaker, who, (we will assume) himself has an overdraft or loan. The loan or overdraft is reduced or cancelled, the cheque torn up. There is no permanent addition to the money stream.

What happens to the price-level in the two cases?

At the moment that the new loan was created the house did not exist. There was, therefore, an addition of currency with no corresponding addition of commodities; there was created, therefore a tendency for prices, the cost of living, to rise (not perceptible if this particular loan operation were the only one, but very perceptible if the loan operation were multiplied, say, a million times, as it was for purposes of munition-making during the war).

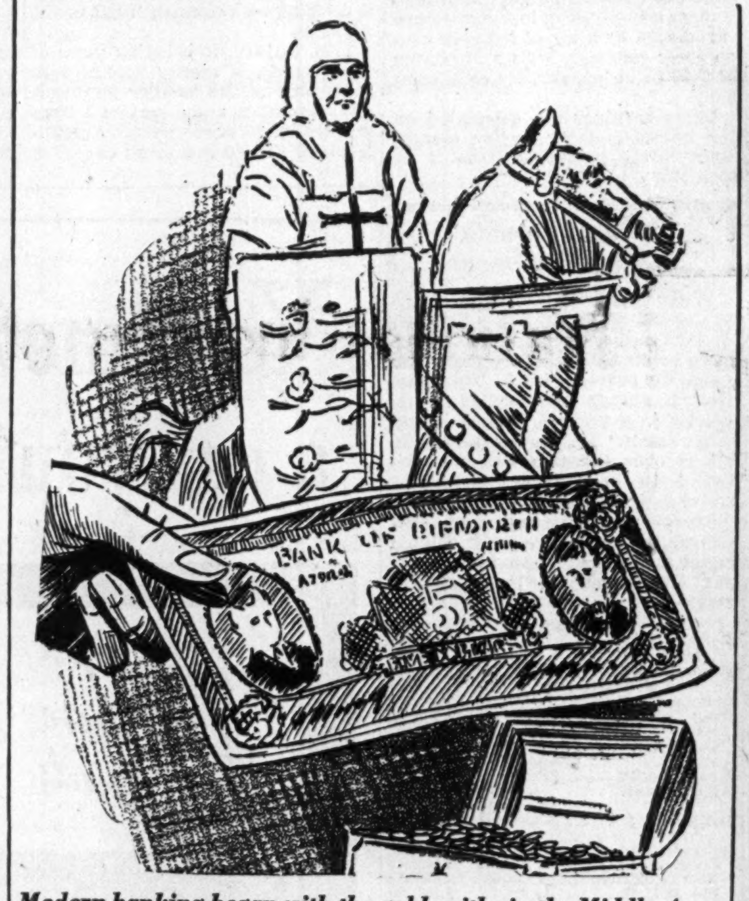
But the coming into being of a new house (or a hundred thousand new houses, as the case may be) would set up a tendency for prices, the cost of living—in this case house rent—to fall. The second tendency would correct the first, until a new loan would tend to put up prices which, on its cancellation, would tend to fall, and so on.

Let us suppose, however, that before the builder can sell the house it is burned down. If the loan by means of which it is built is expressed in notes which remain in circulation there is more currency, but there are less commodities; if that is repeated many times (as it was when the loans were for munitions instead of houses) then prices must rise, as indeed they did rise during the war, when legal-tender money was increased in quantity, while the commodities which the money brought into being were promptly destroyed.

If currency had not been printed and means of exchange confined to cheques, credit would have had to be refused, and prices would not have risen so much. In so far as we regard cheques as money, they are temporary money, while bank-notes or legal-tender notes are permanent money.

This difference between "temporary money" (which is created for a specific purpose, and which disappears with the achievement of that specific purpose) and permanent money (which remains in circulation whether the goods it is intended to bring into existence are, in fact, brought into or remain in existence or not) is a distinction of which so many "more money" reformers lose sight. And because they lose sight of it, their plans frequently go all awry.

We shall tell the story of the more famous of those miscarriages of plans in the next article.



Modern banking began with the goldsmiths in the Middle Ages.

Cold Storage Stocks Higher

Sharp Increases in Beef, Butter and Cheese Over 1935

Cold storage holdings on May 1 show some very wide changes from the corresponding date a year ago, according to the Dominion Bureau of Statistics. Most stocks are much heavier.

Creamery butter is up almost 23 per cent, but in view of the lateness of spring pasture this season, it is possible the natural increase in production will be delayed until considerable inroads can be made into accumulated stocks.

Cheese showed a considerable gain over last year, but this is probably a result of accumulations before shipment to the new United States market opened up by the recent trade treaty.

There is practically no change in eggs or pork.

In lard, however, there is a decrease of ten per cent from a year ago. The situation in 1935 and 1934, however, is understood not to have been normal, as stocks were accumulated during periods of low prices, and finally found a market in Europe last year.

An increase of almost 17 per cent is reported in stocks of beef and fresh and frozen fish are up almost as much. A slump both in the American market for live cattle probably resulted in switching more stock to domestic markets. The increase in fish is understood to be due to collapse of foreign markets throwing a greater quantity on Canadian domestic outlets and cold storage plants.

Details are as follows:

COLD STORAGE STOCKS

Commodity:	May 1, 1936	May 1, 1935
Creamery butter	4,496,976	3,673,591
Cheese	13,773,787	11,216,132
Pork	37,769,000	37,707,500
Lard	* 3,445,365	3,852,578
Beef	15,381,804	13,963,641
Veal	1,929,664	1,655,821
Mutton and Lamb	1,644,773	3,322,318
Poultry	6,704,773	5,742,842
Fish (fresh and frozen)	9,300,756	6,799,355
Eggs	(doz.)	(doz.)
Cold storage	2,218,827	2,260,240
Frozen	1,326,818	1,625,547

Automatic Coal Stokers

Mabury Engineering Corp. will soon commence production of a complete line of automatic coal stokers through their Vancouver association, Littler Iron Works.

Review Your Will? Why?

In view of constantly changing conditions—business, personal and family relationships, as well as in financial affairs—it is advisable to review your Will periodically. Such reviews usually show that an old Will does not meet present requirements.

The Royal Trust Company does not draw Wills, but will gladly assist in designing them, with a view to making them as effective as possible and capable of economical administration.

We invite you to confer with our officers who are experienced in these matters.

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●

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THE FINANCIAL POST
SECOND SECTION
Vol. XXX | Member of Audit Bureau of Circulations | PUBLICATION OFFICE: TORONTO, MAY 23, 1936 | 10c a Copy; $5.00 a Year | No. 21

Le Canada français offre un riche marché au distributeur*

Quebec Trade Again Shows Upward Turn

Total Imports and Exports for 1935 Were $385 Millions

MONTREAL BUSY

Quebec accounts for nearly one-third of the Dominion's external trade. In the last three years the proportion of imports has shown little change, averaging around 31.5 per cent, while the share of export trade has ranged from 38.3 per cent in 1933 to 33.4 per cent in 1934.

Imports and exports in the year ended March 31, 1935, aggregated more than $385 millions, as against $356 millions in the previous twelve months.

By far the greater proportion of the external trade of Quebec is handled through the Port of Montreal. Quebec, St. Johns, Three Rivers and Sherbrooke are also trading points of importance, but, as shown in the following table, Montreal dominates:

	1935 $	1934 $
Imports		
Montreal	125,851,514	105,195,992
Quebec	7,723,113	6,244,381
St. Johns	4,589,636	4,058,003
Three Rivers	3,897,885	2,855,337
Sherbrooke	3,018,463	3,148,077
Exports		
Montreal	134,959,327	134,350,561
Quebec	13,540,171	20,341,615
St. Johns	27,771,046	24,689,897
Three Rivers	4,704,281	3,810,856
Sherbrooke	268,351	163,022

Timber Products Important

A survey of the exports from the province shows, aside from grains, that wood and woodpulp and paper account for a substantial share of shipments to points outside of Quebec.

The great Arvida plant of the Aluminum Co. exported nearly $7 millions of aluminum and its products, while the copper refinery at Montreal contributed a large share of the $13 millions of copper and copper products exports.

Asbestos, gold, acids and rubber are some of the other more prominent items of exports, listed in the following table:

Exports

	1935 $
Grains	53,351,582
Fruits, fresh	1,541,720
Fruits, prepared	1,000,149
Vegetables, prepared	1,887,110
Alcoholic beverages	2,651,458
Rubber and products	3,986,556
Tobacco	686,220
Other vegetable products	1,163,524
Animals, living	2,745,096
Fish and products	3,447,510
Furs, hides and leather	8,591,725
Meats	12,307,376
Cheese	6,148,469
Silk and products	1,094,211
Other fibres and products	1,391,397
Wood, unmanufactured	3,387,950
Sawmill products	5,998,005
Wood pulp	7,101,194
Paper	30,804,769
Farm implements & machinery	1,016,902
Hardware and cutlery	877,961
Machinery	3,539,053
Vehicles	5,836,899
Aluminum and products	6,863,231
Copper and products	13,026,340
Nickel and products	8,612,942
Precious metals	6,337,907
Zinc and products	639,649
Electric apparatus	1,133,466
Asbestos and products	4,136,108
Stone and products	622,293
Acids	2,648,268
Soap	404,019

Imports Are Extensive

The manufacturer or distributor, however, is more interested in what the Quebec area imports, either for domestic needs or for further processing.

The list of imports shows that the province is largely dependent on outside sources for fruits, sugar, tea, coffee, liquors, wines, tobacco, cotton, silk, wool and rubber.

Partially or wholly manufactured iron and steel items stand out prominently. In the fiscal year 1935 the province imported over $5 millions of machinery; $500,000 of hand tools; $2 millions of aluminum and $7 millions of partially manufactured iron products.

A list of some of the principal imports into Quebec during the year ended March 31, 1935, follows:

Imports

	1935 $
Grains, farinaceous products	2,304,547
Fruits, fresh	2,914,286
Fruits, dried	1,557,186
Fruits, prepared	549,415
Nuts	760,155
Vegetables, fresh	961,597
Sugar and products	8,500,288
Tea, coffee, cocoa, spices	4,438,695
Alcoholic beverages, brewed or distilled	3,802,217
Gums	540,073
Oils, vegetables	1,125,119
Rubber and products	1,850,664
Seeds	1,097,683
Tobacco	2,501,020
Furs, hides and leather	4,789,556
Cotton and products	18,034,131
Flax, hemp, jute and products	2,576,971
Silk and products	3,680,627
Wool and products	8,071,429
Other fibres and products	3,147,261
Artificial silk and products	990,652
Paper	1,641,217
Books and printed matter	2,050,380
Iron, partially manufactured	7,121,817
Engines and boilers	611,880
Farm implements & machinery	157,778
Hardware and cutlery	531,531
Machinery	5,180,293
Tools, hand	482,327
Vehicles	777,891
Aluminum and products	2,000,132
Brass and products	619,547
Copper and products	209,644
Nickel and products	293,639
Precious metals and products	2,639,565
Tin and products	601,433
Electric apparatus	1,914,338
Clay and products	1,251,039
Coal and products	10,880,594
Glass and products	1,348,720
Petroleum and products	14,924,063
Acids	387,383
Cellulose products	578,883
Drugs, medicinal	1,152,488
Dyeing & tanning materials	2,399,364
Explosives	203,568
Fertilizers	600,270
Paints and varnishes	1,058,051
Perfumery & toilet preparations	194,980
Soda and compounds	787,386
Amusement and sporting goods	578,468
Containers	1,259,064
Scientific & educational equip.	939,973

TRADE

CAFE'
MARCHAND
VENTE
GASOLINE

French-Canadian retail trade estimated at over $750,000,000 annually, based on Dominion Census returns.

WEALTH

One-fifth of the whole wealth of Canada is owned by French-Canadians. Wealth per family at $14,733 higher than in any other province.

NATIONAL INCOME

CAISSIER
AVIS

National income of Quebec in 1935 estimated by The Financial Post Business Year Book at $1,064,300,000: over 25% of of that for all Canada.

AGRICULTURAL

Farm Income of Quebec last year nearly $200,000,000; agricultural wealth placed at $965,583,000; or nearly $700 per capita of Rural Population

MANUFACTURING

Gross value of Quebec's manufactured products in 1934 totalled $766,498,000, of which $357,751,700 was cost of materials and $161,197,908 wages.

*French Canada Offers Distributor Rich Market

Power Field Has Promise Of Expansion

New Provincial Body Expected to Create Demand

DOMESTIC NEEDS BIG

While the power industry in Quebec has reached a temporary halt in the outlay of capital for new developments or the extension of existing units, a marked gain in demand for energy in the last year indicates that the industry will shortly be in need of additional generating equipment to care for expansion.

For years Quebec has represented one of the largest markets in the world for power generating, transmission and distribution equipment. The development of water power has been attended with corresponding growth in industrial and domestic power loads which has been reflected in sales of domestic and commercial appliances and equipment.

It has been estimated that the capital expended on Quebec water powers approximates nearly one billion dollars. This, of course, does not represent all the capital in the electrical industry, for to it must be added the many millions spent on equipping homes, street lighting systems, appliances etc.

Domestic Needs Important

In many respects French Canada offers a richer market for equipment to take care of domestic requirements than other sections of the Dominion. Power developments in the province have been on a greater scale than elsewhere, but most of the power generated has been for industrial needs. Commercial and domestic use in urban centres compares favorably with that in other provinces, but in rural sections the development has not kept pace.

This lack of expansion in farming sections and small towns is due largely to the thriftiness of the French-Canadian who has been satisfied with older methods of lighting. The change-over to electricity and its more efficient service has been gaining momentum as seen in the demand from rural sections for electrification.

Form Provincial Body

About eighteen months ago the Lapointe Commission investigated the electricity situation in the province at the behest of the provincial government. This Commission found a demand for electricity in the outlying sections which was not being met at present and recommended that the provincial government give assistance in making electrical energy available. Steps to this end have been taken by the provincial government in the formation of the Quebec Electricity Commission.

Operations of the Commission will necessarily be on a limited scale for the immediate future, but over the next five or ten years, the Commission will be the means of greatly extending electricity service throughout the province, either under private auspices or with the assistance of the government.

Wide Field to Cover

Manufacturers of wiring, switchboards, and a multitude of other electrical appliances, accordingly, look to French Canada to supply them with a big Canadian market for a number of years to come.

While the opening up of new sections promises a rich market for the manufacturers of electrical supplies and appliances, the areas already serviced are still capable of more intense cultivation.

Greater Cultivation Possible

In Montreal, Quebec, Sherbrooke, Hull, Three Rivers, Shawinigan Falls and other cities, the use of appliances is more or less general, but the number per family is considerably less than in Toronto or other Canadian cities.

An outstanding example is to be seen in the case of electric stoves. The number of such appliances in Montreal is far less than in many cities of one-tenth the population. Until of late, rates have been unfavorable for the use of large quantities of electricity for domestic service. Since the beginning of 1935, however, the rate schedule has been adjusted to a basis which makes the use of electrical energy attractive in comparison with the rates charged for gas.

The downward trend in electric range schedules in Quebec cities should stimulate further the sale of appliances in these larger centres. In the case of appliances using large amounts of energy, such as stoves, heaters, washing machines, etc., the cost of operation has been reduced to a point where it no longer retards sales.

Spend $2 Millions a Year On Que. School Buildings

An average of over $2 millions annually is spent in construction and repair of school buildings in Quebec. The trend of expenditure in this important specialized field follows:

Fiscal Year	Number of Schools	Cost of Construction
1934	359	$1,770,732
1933	289	2,046,373
1932	615	4,943,386
[illegible]	509	[illegible]
[illegible]	361	[illegible]

One in Three Speak French When Buying

Nearly Third of Canada's Population Are of French Stock

CENTRE ON MONTREAL

Marketing of a product in Canada on a national scale cannot be carried out effectively without considering French-Canadians, as three out of ten Canadians are French speaking or of French origin.

The Dominion Government census shows there are nearly three million French speaking Canadians and of this number, over 90 per cent make their home in an area of about 50 miles north and south of the St. Lawrence River. This area, of course, does not cover all of Canada's French speaking population, for an examination of the returns show that many French-Canadians are to be found in the Ottawa Valley and Eastern Ontario, New Brunswick, Manitoba, the Border Cities district of Ontario, northern Ontario and elsewhere.

Majority Speak French

As the original establishment of the province was undertaken by French colonists, it is only natural that a majority of the French people today should be of French origin and French speaking. The last census shows that of the 2,874,255 people in the province, all but some 600,000 were of French racial origin. One-third of the remainder are of English descent and 108,000 of Irish descent. The Scottish are well represented with 87,300, while the balance is made up of many nationalities.

Origin of People

A survey of the principal racial origins of Quebec's population, according to the last census, follows:

Principal Ones Only

English	234,739
Irish	108,312
Scottish	87,300
French	2,270,059
Hebrew	60,087
Indian	12,312
Italian	24,845
German	10,616
Greek	2,466
Polish	9,534
Russian	3,574

Show Consistent Growth

The statement that the French Canada market is a growing one can easily be substantiated by an examination of the returns. From 1881 to 1931 the urban population of Quebec increased six-fold, while the rural population held its own, making for an aggregate increase of more than 100 per cent in population over the last fifty years.

The distribution of the rural and urban population of Quebec in the last seven decennial census years follows:

	Urban	Rural	Total
1871			1,191,516
1881	311,104	1,047,923	1,359,027
1891	499,715	988,820	1,488,535
1901	654,065	994,833	1,648,898
1911	966,842	1,038,934	2,005,776
1921	1,322,569	1,038,096	2,360,665
1931	1,813,606	1,060,649	2,874,255

Montreal Largest Centre

Montreal is by far the most important urban centre in Quebec, having an estimated population in 1935 of 1,175,957 as against 618,506 in 1921. It is the largest city in Canada. These figures, of course, do not include the greater Montreal area. If the surrounding municipalities are taken into consideration, the metropolitan area has a population of nearly a million and a half.

An idea of the growth of Quebec's urban population is seen in the fact that between 1921 and 1935 the number of cities with a population of over 10,000 increased from 12 to 19.

Particulars of the population in the principal towns and cities in Quebec follow:

	1935	1921
Montreal	1,175,957	618,506
Quebec	145,000	95,193
Verdun	60,745	25,001
Three Rivers	40,000	22,367
Hull	30,058	24,117
Sherbrooke	29,532	23,515
Outremont	28,641	13,249
Westmount	26,000	17,593
Lachine	19,037	15,404
Shawinigan Falls	16,430	10,625
St. Hyacinthe	14,962	10,859
Chicoutimi	12,135	8,937
Levis	11,767	10,470
Valleyfield	12,953	9,215
St. Johns	11,676	7,734
Joliette	12,000	9,039
Thetford Mines	10,680	8,272
Granby	10,700	6,785
Sorel	10,528	8,174

Internat. Fibreboard Has $100,000 Fire Loss

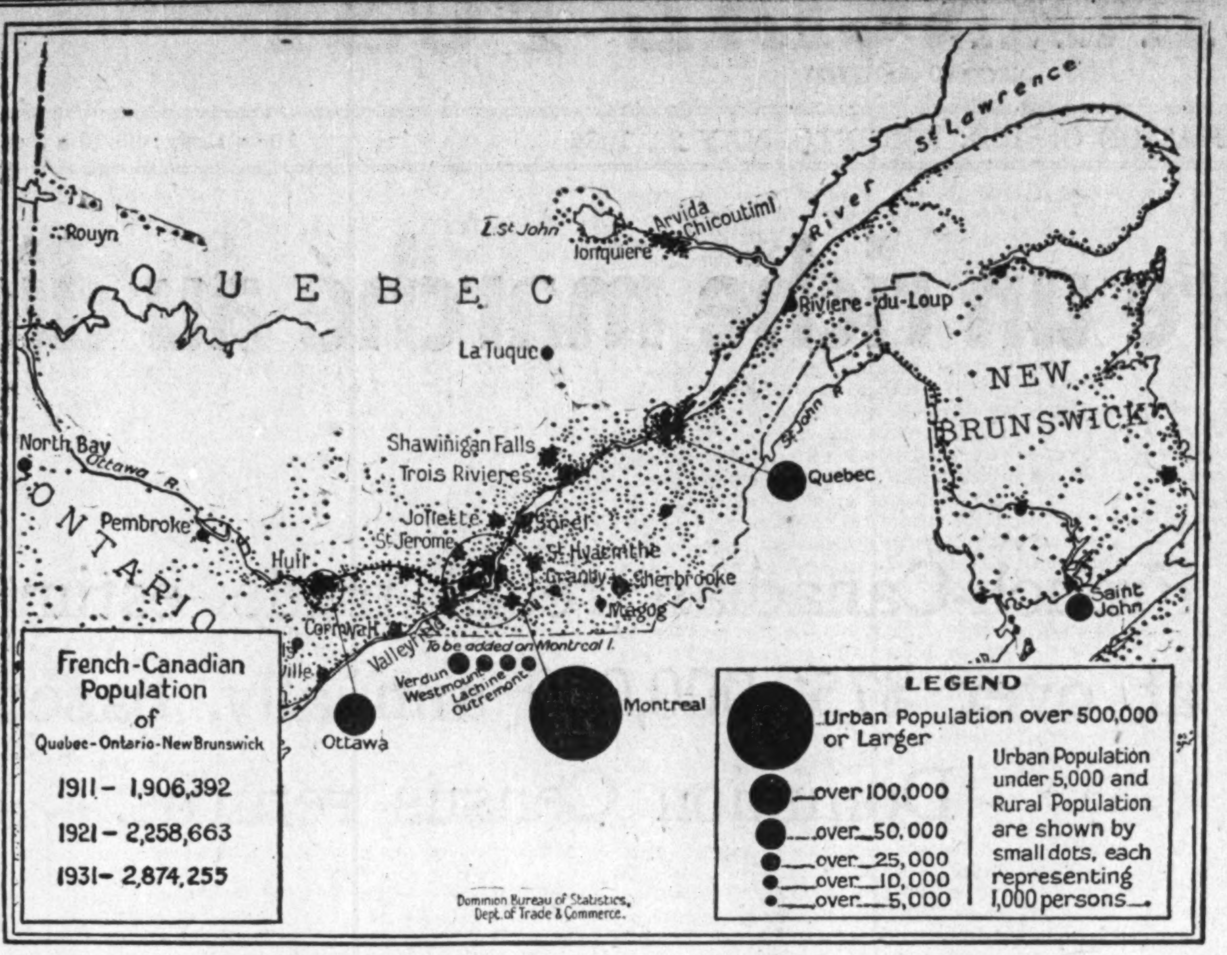
From Our Own Correspondent

MONTREAL. — Fire caused damage estimated at more than $100,000 to the International Fibreboard Co.'s plant at Gatineau Falls. This company is a subsidiary of International Paper Co. which owns practically all the outstanding stock of the fibreboard company.

The blaze started in the kiln room of the fibreboard plant. Only walls and roofs are left. The cement floor was covered by water to a depth of two feet and did considerable damage to machinery and stocks.

Alberta Oil Lands

A marked increase in activity in Alberta's petroleum lands is noted this year. Over 250,000 acres of petroleum lands are involved in 11 permits issued recently by the Department of Lands and Mines in connection with discovery work.



Dominion Bureau of Statistics, Dept. of Trade & Commerce.

ONE QUARTER OF CANADA'S WEALTH

In the area tributary to the St. Lawrence, Ottawa and Saguenay Rivers and in New Brunswick reside nearly three million French-speaking Canadians who own approximately one quarter of all the wealth in the Dominion. Their buying power runs to over $750 millions annually. There are many problems attendant upon successful merchandising in this section, but the application of common sense, plus a serious study of its peculiarities, will enable the manufacturer or distributor to establish an important outlet for his product. Though the population appears to be spread over a relatively large area, it is important to note that probably an 80 to 90 per cent coverage can be secured by concentrating on the area lying a few miles north and south of the St. Lawrence River, with the two main marketing centres in Montreal and Quebec City.

Newsprint Sales Continue To Gain

Canadian Output and Shipments Higher During April

From Our Own Correspondent

MONTREAL. — Canadian newsprint mills turned out a record quantity of newsprint paper during April, reporting a production of 258,721 tons, as against shipments of 267,296 tons. For the same month last year, production was 222,244 tons and shipments 237,000 tons.

Production in the United States last month was 76,470 tons, with shipments 77,546 tons. This represents a small increase over the same month last year.

During April, 25,224 tons of newsprint was made in Newfoundland, so that the total North American production for the month amounted to 360,415 tons, as against 334,511 tons a year ago.

Show Good Gain

For the first four months of this year, Canadian mills produced 140,585 tons more than in the same period of 1935, an increase of 17.4 per per cent. The output in the United States was 5,724 tons, or 1.9 per cent more than in 1935 and in Newfoundland 7,678 tons, or seven per cent less, and in Mexico 6,967 tons less, making a net increase of 131,664 tons, or 10.8 per cent.

The decline in production in Newfoundland was due to flood damage of the Cornerbrook mill of the International Paper Co., while the Mexican mills have not been operating for some time.

Stock Trend Unfavorable

Stocks of newsprint paper at Canadian mills at the end of April were reported at 85,629 tons and at United States mills 17,087 tons.

This is considerably larger than a year ago, when 79,130 tons of stock was reported by Canadian and American mills.

Seek Extension Of Moratorium

Quebec Owners Also Want Lower Interest Rates

Union of Property Owners of Quebec has asked its provincial government to extend the moratorium on mortgage loan payment for five years. The existing legislation came into effect in 1934 and was extended in 1935. The plea is based on the claim that low rentals and decrease of value of property apparently have proved permanent. The union also cites the fact that under the Dominion Housing Act money is loaned at five per cent and they therefore ask for legislation reducing all interest on mortgage to not more than five per cent during the extension period of the moratorium.

"The decrease in rental revenue and the gradual increase in municipal and school taxes," stated Emery Sauve, president of the union, "have been such that the property owner is no longer able to pay the charges against his holding unless he can enjoy a reduction in interest rates."

Aid to Agriculture

Government grants to Quebec agriculture which had amounted to $887,000 in 1920, reached $3,160,346 in 1935.

Religious Bond Issues Show Continued Growth

Over the last 20 years there have grown up several new types of investment securities, wholly or largely confined to Quebec, which have been widely distributed among French-Canadian investors and institutional buyers. These new types may be broadly classified as religious institutional bonds and debentures and securities issued under the Public Charities Act of Quebec.

There is relatively little knowledge of these securities outside of Quebec. This is unfortunate, for often they are of the highest type of investment medium. The lack of knowledge concerning them is in part attributed to their newness, but more to the extreme difficulty in securing accurate and comprehensive particulars of the individual issues. This latter feature has been a serious drawback to their general distribution among Canadian investors. Nor do they enjoy the same ready and broad market as other types of securities of a corresponding quality, thus limiting their marketability.

Parish Bonds Survey

There are, broadly speaking, three types of bonds used to fund the cost of constructing the parish church or other community buildings. Security for these issues invariably consists of a first mortgage on the building and land, as well as a tax on real property situated in the parish and owned freehold by Roman Catholics. This tax levy constitutes a first charge on the property and ranks before municipal and school taxes.

It is apparent from the foregoing that often the Roman Catholic parish bonds have a higher rating than those of the municipality in which the parish is located, owing to the prior right to assess real property owned by Roman Catholics.

The second group is commonly classified as religious institutional bonds. These securities are issued by a religious order to further its work, usually for the construction of buildings to serve as hospitals, schools, etc. Security consists of a general mortgage on land and buildings, and usually a general covenant on the part of the religious order sponsoring the bonds.

It is highly important that these issues be properly endorsed by the religious order concerned, some trouble having been experienced by lack of proper authorization.

Charity Act Bonds

The third group is the bonds or debentures fully subsidized by the Province of Quebec under the Public Charities Act. In some cases these securities are only partially subsidized, but when fully subsidized by the province they assume trustee status and become legal investments for insurance companies.

A valuable survey of this type of security has been prepared by L. G. Beaubien & Co., Ltd., and the findings published in booklet form. In the historical section, it is said in part:

"The history of public charity in Quebec shows a logical transition from individual and (religious) institutional benevolence, operating independently of state aid and advice, to a carefully co-ordinated system subsidized by the provincial government and subject to its supervision. The reason for the change lay, of course, in the growth of the population, whose needs finally threatened to outstrip the exchequers of the religious orders, as well as the philanthropy of private donors.

Clear Cut Legislation

"The provincial government responded sympathetically to the appeals made by the charitable institutions for many grants, and the passage of years brought steadily increasing claims on the treasury—a development calling for clear-cut legislation.

"Laws followed each other in fairly quick succession, framed with the twin objects of allotting definite funds for use in charity, and of clarifying the position of the state in its relatively new function of benefactor.

"As a rule the borrowing institutions pledged their long-term state subsidies as security for their bonds, the grants usually coinciding in amount with the total sum necessary for the full service of the loans (i.e. payment of interest and of serial maturities of principal.)

Demand Special Bonds

"About two years ago the government insisted that special bonds be issued representing the subsidy, and that the rate of interest and schedule of maturities be submitted to the provincial treasurer for approval.

"These bonds carry the endorsement of the director of public charities to the effect that they are fully subsidized by the Province of Quebec out of the Public Charities Fund. At the required intervals the provincial debits the fund with the suns needed for the payment of bond interests and of principal installments, remitting the money to the trustee for the bondholders or to the paying bank.

"It should be emphasized that the government has invariably fulfilled the obligations assumed by the Bureau of Public Charities, even when the charitable institution concerned has failed to complete the construction of its building or has not taken in any indigent."

Laval-des-Rapides Refinances Debt

Bondholders to Receive Par Plus Accrued Interest

Refinancing of the debt of town of Laval des Rapides, which has been in default since May, 1933, has been arranged by the Quebec Municipal Commission.

Bonds at present outstanding are to be redeemed at par plus accrued interest. Interest is in arrears from May 1, 1934, interim payments having been made in 1935 on coupons due on or prior to that date.

Funds for the redemption are being provided through the sale of a new issue of $410,000 of 4½ per cent due serially from 1937 to 1975. No public offering of these bonds is to be made, The Financial Post is informed, private sale having been arranged by the Quebec Municipal Commission.

Funded debt of the town at present outstanding amounts to $402,500. Total debt to be repaid, including accrued interest, is $461,500. Of this amount, $51,500 is to be provided out of sinking fund and general funds.

Supervision Continues

While the town will not be in default on completion of the refinancing, a degree of supervision is to be continued by the Quebec Municipal Commission. Under the terms of a private bill before the Quebec legislature, the town must submit its budget, its valuation rolls, its general and special collection rolls and changes in taxes for water services to the commission for approval in each of the years 1936 to 1946 inclusive.

Farm Revenue $174,758,000

Quebec agricultural revenue in 1935 amounted to $174,758,000. While this was about $8 millions less than in 1934, it was substantially above that reported in the previous three years.

Livestock Worth $87 Millions

Farm livestock in Quebec last year had a value of $87,331,000. This was $12 millions greater than in 1934 and $17 millions above that reported in 1933.

The PROVINCE *of* QUEBEC

Immensely Rich in Her Resources, to be Retained and Developed in Canada's Best Interests

WATER POWER—The physical geography of the Province of Quebec is such as to make its innumerable water falls one of its most valuable natural resources. For the time being, the estimated available power for development has been set at some 13,000,000 horse-power (the largest figure of any Canadian Province), out of which over 3,703,020 horse-power have been developed, which figure represents about 50% of the total turbine installation in the whole of Canada. Considerable foreign capital has been attracted and invested in this industry, which has attained a high degree of efficiency. Of course, the world depression has also in a measure affected it and caused a momentary slackening in the demand for power; but the need of electric current is now so general in modern civilization that most power plants have already returned to normal capacity.

FORESTS—Quebec's virgin forest resources are great wealth producers for the Province—not only in revenue for stumpage dues, sale of timber, et cetera, but as the mainstay of the pulp and paper industry, a source of substantial prosperity throughout the Province. Value of wood cut and of other forestry products for 1934 was $25,483,108.

Of the pulp and paper mills actually operating in Canada, 42 are in the Province of Quebec. For 1934, of the $554,973,891 invested in this industry, $275,423,024 were invested in Quebec Province. Quebec is the leading producer both of wood pulp and paper in the Dominion. In 1934, the production of paper was $61,837,248 for 1,569,538 tons, and of wood pulp $36,837,402 for 1,813,096 tons.

MINERALS—The value of Quebec's mineral production has reached $46,454,000. The mineral possibilities of Quebec are enormous. Whilst noted in the past chiefly for its non-metallic substances—asbestos (Quebec producing 73% of the world's total production), mica feldspar, magnesite, graphite, marble and ornamental stone—with the discovery and development of the metallic deposits in the Western part of the Province, Quebec is now an important producer of gold and copper. Mining laws in Quebec are very liberal and favor the prospector.

AGRICULTURE — Estimated gross revenue from agriculture in 1934 approximated $180,257,000. Mixed farming is highly developed, with dairy products, next to field crops, the most important branch. Some 1934 production values are as follows: Field crops, $98,309,000; dairy products, $45,323,000; poultry and eggs, $7,221,000; fruits and vegetables, $6,313,000; maple products, $1,917,000; tobacco, $831,000; oats (included in field crops), $20,757,000; farm animals, $17,989,000; wool, $772,000; clover and grass seed, $315,000; honey, $357,000.

MANUFACTURING—Quebec's hydro-electric power is not only abundant but is the cheapest in Canada. This plus strategic location in relation to markets, splendid water and railway transportation facilities, excellent labor, and availability of raw materials, has been responsible for the Province's solid and rapid growth industrially. Manufacturing establishments in 1933 numbered 8,070, employing 163,571 workers and representing a capital investment of $1,648,872,387. The gross value of products in 1933 was $653,066,534.

TOURISTS—Both summer and winter tourists find Quebec Province a place of intriguing charm. Good hotels, varied scenery, good roads, winter sports, sensible, well-regulated liquor laws, historic spots, have all combined to increase tourist traffic. It is estimated that motor tourists from United States alone spent $35,000,000 in the Province of Quebec in 1934.

For further information write

Office of the Premier, Province of Quebec, Quebec

Dr. L. J. Lemieux, Agent General for the Quebec Government, 2 Cockspur Street, Trafalgar Square, London, S.W. 1

French Canada Is Represented Coast to Coast

French Culture and Traditions Perpetuated in All Provinces

THREE MILLION PEOPLE

Quebec province is regarded as the centre of Canada's French-speaking population, and of the 2,927,990 French-speaking Canadians reported in the last Dominion census, no fewer than 2,270,059 reside in that province.

Contrary to the popular belief that French-speaking centres of population do not exist outside Quebec, except as minor settlements, there are important communities of French-Canadians in every province of the Dominion. French traditions, language and customs are being perpetuated in all these centres and contributing their share of French culture to the country as a whole.

French-speaking Canadians in Ontario are numerically second only to Quebec, while there are others in the Yukon and the Northwest Territories. The Maritime Provinces rank third in point of French-speaking population.

French-Canadians of both sexes, reported in the last Dominion census were distributed throughout Canada as follows:

Quebec	2,270,059
Ontario	299,732
New Brunswick	136,999
Nova Scotia	56,629
Saskatchewan	50,700
Manitoba	47,039
Alberta	38,377
British Columbia	15,028
Prince Edward Island	12,962
Yukon	250
N. W. Territories	215
Total	2,927,990

Montreal Power Output Expands

Electricity Sales Continue Ahead of 1935, But Gas Sales Fractionally Off

From Our Own Correspondent

MONTREAL. — Electric and gas output figures of Montreal Light, Heat and Power for April and for the first four months of the year indicate a continued expansion in the use of electricity, while gas sales are fractionally lower.

Electric output during April was 85.9 million kw.h. as against 78.1 million kw.h. a year ago, an increase of 10 per cent.

For the first four months of the current year, output totalled 370.8 million kw.h., an increase of 24 million kw.h. or 6.94 per cent over the same period last year. These figures do not include secondary or export power.

Gas Sales Drag

Gas production for the year to date is slightly lower than in 1935. Output in April was 433.5 million cubic feet, as against 441.6 million cubic feet, a decrease of about 8 million cubic feet.

During the first four months gas output amounted to 1,730 million cubic feet as against 1,732 million cubic feet last year.

Rent a Safety Deposit Box

A safety deposit box is a safeguard for your valuables and important papers against fire and theft. It is the only logical place where to keep them.

Rent a safety deposit box at our nearest branch. It costs less than a cent a day.

THE PROVINCIAL BANK OF CANADA

Head Office: Montreal, Que.

CHS. A. ROY, *President*

J.-U. BOYER, *General Manager*

L. G. BEAUBIEN & CO. LIMITED

●

SPECIALISTS IN

Issues fully subsidized by the Province of Quebec

Municipal Securities of the Province of Quebec

Bonds of Select Religious Institutions

Foreign Loans

●

MONTREAL

Quebec

Trois-Rivières

Ottawa

Toronto

Paris, France

Serving 350,000 People Along the Lower St. Lawrence

Officers and Directors

J. A. Brillant, *President.*
Ernest Beaubien, *Vice-pres.*
P. E. Gagnon, K.C., *Sec'y.*

Directors

J. A. Brillant
P. E. Gagnon, K.C.
C. A. Couillard
Ernest Beaubien
J. Arthur Desjardins
J. M. Robinson
H. McKay

The Quebec Telephone & Power Corporation, through subsidiaries, operates a telephone business in the counties of Laviolette, Champlain, Portneuf, Lotbiniere, Levis, Beauce, Dorchester, Bellechasse, Rimouski, L'Islet, Montmagny, Matapedia, Matane and Gaspé, situated principally along the south shore of the St. Lawrence River, including the Matapedia Valley.

This territory, with a population of approximately 350,000, is one of the oldest settled portions of the Province of Quebec.

Connections with The Bell Telephone Company of Canada, New Brunswick Telephone Company, Limited, and other independent companies give subscribers the advantage of service throughout Canada and the United States.

◆

Extensions to plants, lines and equipment enable the Company adequately to meet the needs of this expanding area.

QUEBEC TELEPHONE & POWER CORPORATION

Head Office • Rimouski, P.Q.

General Office: 47 Boulevard Charest, Quebec

TALK THE LANGUAGE OF YOUR PROSPECTIVE CLIENT

Comparative language groups in the Sister Cities of Ottawa and Hull

English 50.57%
French 42.46%
Foreign 6.97%

The annual revenue of the French group is well over $25,000,000.

Through the easy medium of the daily newspaper which enters his home as a welcomed friend.

To reach the important French trade of Ottawa and Hull

ADVERTISE in

LE DROIT

OTTAWA

The only Ottawa French Daily in its field.

Textile Mills Spend Millions On Materials

Canadian Industry Centres on Quebec—$72 Millions for Supplies

OVER 870 PLANTS

Quebec's designation as the Lancashire of Canada comes naturally as the province is the centre of the Canadian textile manufacturing industry. Millions of dollars have been invested in plant and equipment. The great textile factories give employment to more wage earners than any other industry in the province. The annual payroll amounts to nearly $36 millions, which is paid out in the form of salaries and wages to more than 50,000 workers. The industry plays an important part in the economic life of the province. There are 877 plants located in more than 50 municipalities; many of the latter being dependent on the industry for their welfare. In addition the purchase of raw cotton, silks, dyes and other materials entering into the manufacture of textiles, reaches the impressive figure of over $72 millions, while the value of the finished product is placed between $140 millions and $150 millions annually.

Influence Buying Power

Obviously the textile industries exert a marked influence in the buying power of the people in those areas in which the plants are located.

Roughly speaking about half of the textile firms in Canada are in Quebec. Considered on the basis of output, the position of the Quebec mills stands out even more prominently. The largest plants are located in French Canada and the policies established by the companies in this area very largely determine those for the balance of the industry.

Cotton Mills Dominate

Though the metropolitan centre of Montreal is the location of several mills, the greater part of the textile industry's activities centre in and around the territory known as the Eastern Townships. At Magog, Dominion Textile Co. has built up a community dependent on its cotton manufacturing activities. The plants at this spot support over 1,600 individuals, while the print works give employment to an additional 750 people. Then there is the great plant of the Montreal Cottons Co. at Valleyfield. In addition there are a number of other smaller units devoted to the manufacture of a wide variety of textile products.

Another large cotton plant is that of the Dominion Textile Co. at Montmorency Falls.

Aside from primary cotton manufacturing, Quebec is noted for its numerous silk mills both artificial and real. In recent years the Quebec market has been an important purchaser of raw silk, together with complementary materials for manufacture into the finished article. Many new plants have been erected as demand for silk, combined with low prices, has stimulated production to new high levels.

Silk Mills Represented

Southeastern townships and along the North Shore of the St. Lawrence may be found a number of silk or synthetic silk manufacturing plants. Among the more prominent operators are Canadian Celanese at Drummondville; Belding Corticelli at St. Hyacinthe; Coaticook, St. Johns and Montreal; Associated Textiles and others.

Woollen Section Important

The woollen and knit goods industries also have their representation in Quebec. At Sherbrooke is located one of the largest and oldest woollen mills in the Dominion, that of the Paton Manufacturing Co. At St. Jerome the Regent Knitting Mills have a modern plant, while at St. Hyacinthe, Penmans operate a large factory manufacturing a wide line of knit goods and woollens. Then there is Ayers' plant at Lachute, as well as other smaller operators.

Competition, modernization and expansion normally necessitate additional installations in the textile mills. The present time calls for consolidation of existing facilities rather than any marked extension excepting in a few isolated cases. In normal times cotton companies spend large sums of money in plant improvement. Replacements involve relatively heavy outlays each year, while the supplies needed in the normal course of manufacturing run into millions of dollars.

Quebec Power Board Tightens Utility Control

From Our Own Correspondent

MONTREAL. — Quebec Electricity Commission has issued a general order decreeing that when a public utility company wishes to issue, retire or refund any stocks or bonds, or to make any change whatsoever in its capitalization which involves the issuance of securities or retirement for other than sinking fund purposes, application must first be made to the Commission at least two weeks before any public offering is made.

The order further provides that a financial statement of not more than 90 days prior to the date of application must accompany the application for new issues, while particulars of the underwriting syndicate must be stated at the same time.

Creamery Butter, Cheese Output Records Gain in '35

Creamery butter production in Quebec during 1935 amounted to nearly 73 million pounds, an increase of 5.3 per cent over that reported in the previous twelve months. Quebec ranks second in the production of this product, Ontario being the only other province with a larger output.

Last year the province accounted for 20 per cent of the total Canadian cheese production, output being 20 million pounds as against the Dominion total of 100 million pounds. This was approximately four times as much as produced by all other provinces put together excepting Ontario.

Paper Makers Spend Millions on Materials

Annual Needs of Mills Would Keep City of 40,000

Last year newsprint mills in Quebec produced in the neighborhood of 1,500,000 tons of newsprint—the largest amount ever produced in any one calendar year.

The high efficiency attained in the manufacture of newsprint ofttimes misleads one as to the importance of this industry in the industrial and social life of the province. Few have any idea as to the vast army of workers and the multitude of supplies which go into the manufacture of newsprint.

What does the production of 1,500,000 tons of newsprint paper mean in the way of employment and the purchase of materials?

10,000 Tons of Food

To get out of the woods the necessary pulpwood for the manufacture of this quantity of paper, the operators would use:

10,000 tons of food supplies.
24,000 tons of horse feed.
40,000 men to do the cutting, driving, and preparing the wood for the pulp mill.

Before these supplies and men went into the woods, the operators would have expended about $1.8 millions in establishing the necessary camps.

When this wood reached the plants the cost of converting it into pulp and then into paper would have run into several millions of dollars.

Millions for Supplies

The expenditure of this sum would be necessary for the purchase of the following materials used in manufacturing a million and a half tons of newsprint:

84,000,000 pounds of sulphur.
61,500,000 pounds of lime.
9,750,000 oz. of alum.
1,500,000 oz. of colors and dyes.
952,000 tons of coal.
7,500,000 pints of lubricants.

In addition, the mill would have to spend several millions of dollars in hydro-electric energy for motive power and steam purposes, as well as giving employment to a large number of men in the mills and at the head office.

Spent $20 Millions in 1934

The importance of this market to the manufacturers and distributors of dyes, chemicals and allied materials, as well as foodstuffs, is well illustrated by the fact that the paper industry spent over $20 millions in supplies in 1934.

Operations Well Distributed

Quebec's pulp and paper industry centres around four areas. Several mills are located on the Ottawa and Gatineau Rivers near Hull. Some of the older and smaller mills are found in the Eastern Townships. Several other large plants are found on the north shores of the St. Lawrence between Three Rivers and Quebec, while the balance are located on or adjacent to the Saguenay River and Lake St. John.

According to the last government survey, Quebec has 41 plants, of which nine produce pulp, 22 pulp and paper and 10 paper.

The capital employed in these plants amounts to $275.4 millions. Employment is given by the industry to 13,157 workers, to whom salaries and wages of $15.7 millions were paid in 1934.

Tourist Trade Brings Wealth

Visitors Add $28 Millions to Quebec's Buying Power in 1935

Tourist traffic is an important factor in considering marketing possibilities in French Canada. In 1935, it is estimated tourists spent $28,761,000 in the province, as against $17,893,000 in the previous twelve months.

Records compiled by the government show that 222,209 tourists' automobiles were admitted for a period not exceeding 48 hours. This is in contrast with 204,670 in 1934. Those staying up to 60 days numbered 259,628, a gain of nearly 40,000 during the year.

Influence on Welfare

The distribution of this large sum of money by tourists in probably less than six months has a profound influence on the welfare of the province. In the larger centres there is an appreciable gain in trade when the visitors start arriving.

To many the tourist trade represents the principal source of income and the success of the season has much to do with the buying power of many small communities throughout the province.

The provincial government and other bodies have been active in promoting tourist traffic. While the Dominion government carries on an extensive campaign on behalf of all provinces, local associations in Quebec promote well-directed campaigns.

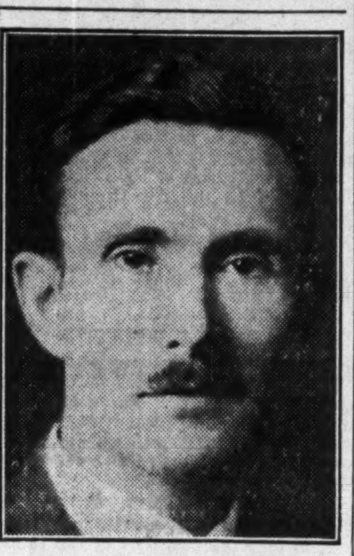
Holds Out Attractions

Quebec can welcome visitors in a way that few other provinces or countries can rival. For here is a part of Canada containing all the attractions of France itself, peopled by individuals who have learned how to welcome visitors for the last 300 years and more. But what is an important item in the needs of many tourists: here is a place which is part of Canada, where English also is spoken and where all the difficulties which might beset the inexperienced traveller in foreign countries are eliminated.

The intangible wealth of French Canada's tourist trade is difficult to reckon in dollars and cents, yet in a balance sheet where intangible assets were given full value the attraction and goodwill accruing from the tourist traffic must be given an important place.

Fire Insurance Premiums In Quebec at $11 Millions

Fire insurance companies authorized to transact business under Dominion permit collected $42.7 millions in premiums during 1934. Of this amount Quebec contributed nearly $11 millions, against which net losses totalled $5.4 millions.



HEADS AD CLUB

Leo Cox, well-known advertising man and writer, of J. J. Gibbons Limited advertising agency, elected president of the Advertising Club of Montreal.

Think French When Selling

Translation Most Important Phase of Advertising in Quebec

Does French advertising pay? The answer is that dozens of extra-provincial firms do a very profitable business in Quebec. There are many degrees of success, of course, and one must not put blame upon the tastes and habits of French-Canadians for the lack of success of certain firms. Some would have them buy goods which their housewives make better than any factory can produce. There is the case of a firm which could not understand why the Quebec people would not buy its fruit jams. This producer did not know that French-Canadians like a very sweet product and that they have become accustomed to preserves made "pound of sugar to pound of fruit," a combination which English-speaking people would find too rich.

One of the greatest difficulties has always been that of translation. There is a considerable difference between the presentation of an argument in French and in English. Just as French preachers go in for eloquence and what is called gesticulating, while the English clerics seem more reasonable, the contrary happens in writing.

Respond to Advertising

French-Canadians are no more insensible to the appeal of advertisers than are other races, but that appeal must reach their heart through their minds. They hate extravagance and despise dullness of language. French advertising must be prepared with great care, if it is to hit the bull's eye. Literal translations are the product of the unlearned and incompetent.

If French copy is prepared with proper care, it will seldom be any longer than the English copy, provided the English is perfectly correct. It is true that the French language has fewer monosyllables, but the construction of sentences is more compact.

Conciseness a Quality

Conciseness is a great quality in a French translation in this country, as the lack of it necessitates using smaller type, which diminishes readability. This is particularly true in the case of newspapers, where space is limited on the one hand, and, on the other, it is so difficult to get the reader to read an advertisement. There are so many things, sports, politics, comics, etc., which draw him away like a magnet, it is necessary to make the perusal of the advertisement as easy and as tempting as possible. Conciseness must not be obtained at the sacrifice of correctness, precision and elegance, of course.

A good clear text, short and to the point, unspoiled by grammatical errors, barbarisms or pedantic neologisms, will appeal to the French mind; the opposite will not hold him for long.

Weaknesses in Advertising

There is still a great deal of dull phrases, bad grammar and very un-French composition in the French translations of many advertisements. It is a common weakness which could and should be avoided. The advertiser should investigate his translator as thoroughly as possible. While capable translators are few, there are always some who have a broad knowledge of language, of books, of business and industry and, especially, of the people in this part of Canada. The matter of translation has always appeared to be the greatest stumbling block, and no wonder; it is far too difficult for superficial minds and, as it is slow work, it is not profitable enough for those who expect large returns.

Newly Incorporated Firms Have $95 Millions Capital

Joint stock companies incorporated in Quebec in 1934, numbered 924 and had a capital stock value of $95 millions. While there are fewer incorporations than in the previous year, the capital stock showed an increase of over 100 per cent.

The largest investment of capital was made in 1921; the amount registered during that year being $226 millions.

Fraser River Contract To Dominion Bridge Co.

From Our Own Correspondent

MONTREAL.—Construction of the new Fraser River Bridge at New Westminster has been awarded on a unit basis to the Dominion Bridge Co., calling for an expenditure of $2,722,101. Work will likely be directed from the Vancouver branch of the company.

Farm Revenue Continues to Move Forward

Diversity Provides Stability in Rural Buying Power

FIGURES IN DETAIL

Agricultural revenue constitutes one of the most important sources of income in Quebec. Over half of the people live on the land and the returns from farming activity play an important rôle in the trade of the province.

Last year farm operations resulted in the creation of nearly $175 millions of new wealth. This was $7 millions less than in 1934 owing to the smaller returns from field crops, but substantially above the figures reported for 1933, 1932 and 1931.

The sources of revenue over the last two years follow:

(000's omitted)	1935	1934
Field crops	83,616	98,309
Farm animals	21,812	17,989
Wool	628	527
Dairy products	48,222	46,462
Fruits and vegetables	8,235	7,078
Poultry and eggs	7,664	7,221
Fur farming	886	975
Maple products	2,267	1,911
Tobacco	642	831
Flax fibre	160	100
Clover seed	245	315
Honey	381	357

Mixed Farming Pays

The foregoing figures clearly demonstrate that mixed farming, always stressed as an important feature of sound agricultural development, is seen at its best in Quebec. This province had developed agriculturally minded communities which have established diversified farming on a scale probably without equal in the rest of the Dominion.

The chief agricultural areas are to be found along the valleys of the St. Lawrence and Ottawa Rivers and in the Eastern Townships. However in recent years new farming districts have been opened up in the Temiskaming, Gaspé and Lake St. John districts, but, in the main, the greater part of farming is still carried on in the well settled and older established sections of the province.

In the Eastern Townships, for instance, lies one of the oldest agricultural areas in Canada. Though the advancement of industry in this district has been rapid, a sound balance has been maintained between agriculture and industry.

Stay on Land

Families in Quebec which have been reared in the atmosphere of the farm are relatively slow to leave the rural districts for the urban centres and though there is a large supply of labor available for industry at all times, the habitants, with generations of farmers behind them, in many cases are loath to leave their farm homes.

The result has been that each industrial centre, particularly in the Eastern Townships, is surrounded by an area that is rich in agriculture. This works a twofold benefit for it finds reflection in the moderate cost of living in the urban centres, while the concentrated markets provide a steady outlet for the products of the surrounding farms.

Maintain Buying Power

The diversification of farm activities in Quebec is of importance to the manufacturer or distributor. It means buying power of the rural areas is not subject to the wide fluctuations experienced in other sections where activities are concentrated on one or two lines of agriculture. Thus there is an assurance of a market in rural Quebec which makes for stabilized sales.

Fisheries Give Work to Many

Over 14,000 Quebeckers Employed — $3 Millions of Income

Though not regarded as a Maritime province Quebec derives a fairly substantial revenue from its fisheries.

The Quebec fisheries lie largely along the North Shore of the Lower St. Lawrence and around the Gaspé Peninsula. The industry has been developed quite extensively in that section, nearly $3 millions being invested in vessels, boats, nets, traps, used in primary operation of catching and landing the fish and in fish canning and curing establishments.

Last year the value of the fish catch was just short of $2 millions, which sum was distributed among 14,093 fishermen. This figure does not represent their total income, for many of these people are engaged in small farming and bush operations. The additional income from these sources is difficult to compute, but undoubtedly runs into a fairly substantial sum each year.

Market for Many Goods

The fishing population of the Gaspé Peninsula in the Lower St. Lawrence region provides a market worthy of development. It is not by any means a major sales area, but considered in conjunction with other more populous sections, calls for consideration.

In addition to their personal needs, Quebec fishermen spend substantial sums each year in replacement and new equipment. Some idea of the extent of this market may be gained by an examination of the capital equipment used last year. The industry reported having in operation 52 sailing and gasoline vessels, an increase of 2 over the previous year. The number of sail and row boats was 2,775 and gasoline and Diesel boats, 3,336. Over $350,000 was invested in 15,199 gill nets, while nearly $200,000 additional was in salmon, smelt and other trap nets. Lobster traps in use numbered 200,477; hand lines 23,030 and tubs of trawl, 4,967. Freezers and ice houses in operation numbered 220 and small fish and smoke houses, 2,577.

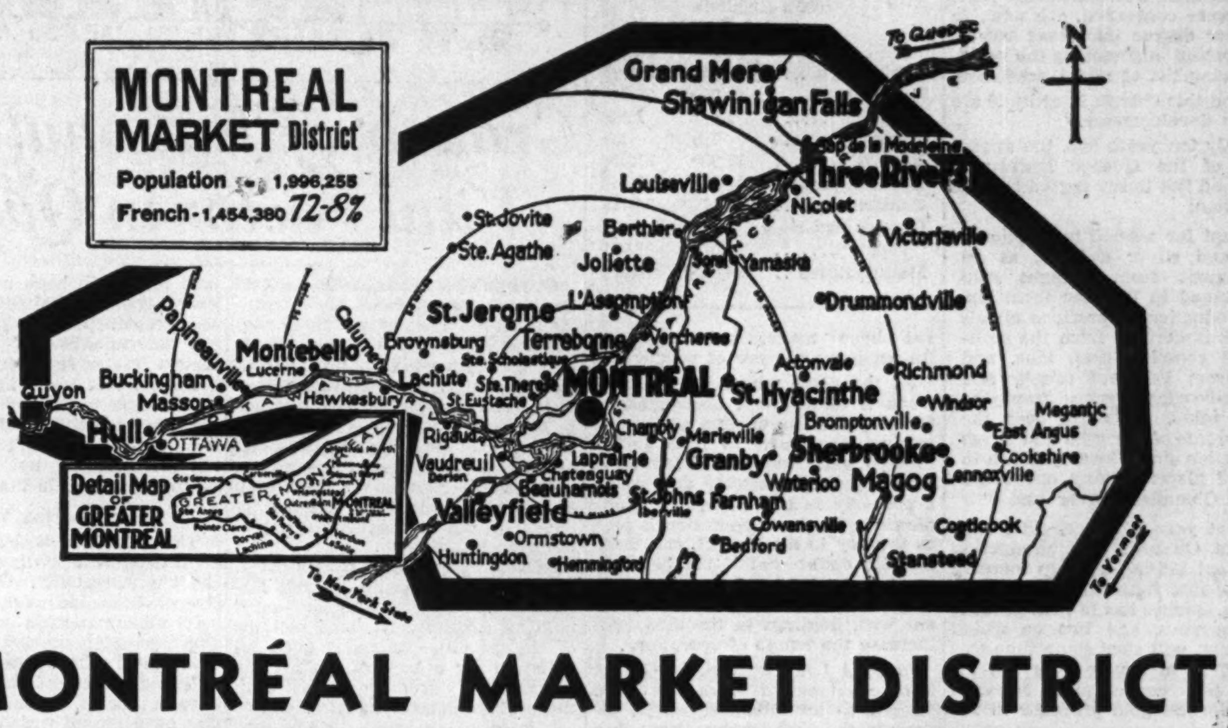
In addition about $500,000 was invested in fish canning and curing establishments, of which 52 were lobster canneries; 31 salmon canneries; 44 fish curing establishments and 4 freezing plants.

Gypsum Production

Canadian production of gypsum during January amounted to 4,887 tons, against 3,500 tons in January, 1935.

THE ONLY MARKET OF ITS KIND IN THE WORLD

A Metropolitan Market expanding 100 miles east and west without competing distribution centres.



MONTRÉAL MARKET DISTRICT
1,996,255 72.8% FRENCH

An analysis of the Montreal Market District brings out these factors, which taken together, make it the only market of its kind anywhere.

1. It is Canada's No. 1 Market.
2. A group of individual cities within the Metropolis.
3. Suburban cities industrially important.
4. Outlying manufacturing cities and towns.
5. The connecting rural districts.
6. The percentage of FRENCH speaking people — heavy in the Metropolis — increasingly so as the market widens out, 100 miles East and West, 50 miles North and South.

In the METROPOLITAN AREA 1,018,124—60% FRENCH

	Population★	Manufacturing Volume★
Montreal City	818,588	$341,659,755
Ville La Salle	2,362	9,015,727
Lachine	18,630	7,775,314
Westmount	24,235	3,334,269
St. Lambert	6,075	743,125
Longueuil	5,407	590,042
Verdun	60,745	1,578,519
Outremont	28,631	1,402,335
Laprairie	2,775	503,745
Ste. Anne de Bellevue	2,417	262,526

★All figures are taken from latest Government Statistics.

In the DISTRICT CITIES 229,453—90.5% FRENCH

	Population★	Manufacturing Volume★
Drummondville	6,609	$ 11,400,586
Granby	10,587	7,523,080
Grand'Mère	6,461	3,695,196
Hull	29,433	7,061,894
Joliette	10,765	1,554,313
St. Hyacinthe	13,448	7,755,314
St. Jérôme	8,967	5,054,004
St. Jean (St. Johns)	11,256	6,210,381
Shawinigan Falls	15,345	7,846,583
Sherbrooke	28,933	9,393,991
Sorel	10,320	1,033,997
Trois-Rivières (Three Rivers)	35,450	16,497,480
Valleyfield	11,411	4,776,464
Victoriaville	6,213	1,888,667

In the INDUSTRIAL TOWNS 109,812—81.8% FRENCH

	Manufacturing Volume★		Manufacturing Volume★
Actonvale	$ 691,280	Brownsburg	$2,126,935
Beauharnois	1,346,957	Cowansville	2,098,284
Berthier	864,259	Buckingham	1,745,014
East Angus	1,965,194	Farnham	1,551,155
Lachute	231,531	Bromptonville	1,265,958
Magog	8,770,712	Coaticook	1,225,939
Louiseville	2,724,921	Huntington	389,177
Beloeil	2,573,929	Asbestos	494,861
Windsor	2,180,137	Waterloo	516,548

The RURAL DISTRICTS 638,866—85.5% FRENCH

Experienced and thrifty farmers and their families have a cash market at their door for all they produce in their fields and orchards — dairy products, fruits and vegetables, tobacco, meat.

The farmer harvests and hauls to market — often it is a one profit transaction — no transportation costs, no middleman's profits. The farmer has more to spend.

He spends money in the towns and cities and returns home with his purchases. "The money goes round and around."

Throughout these rural communities French-speaking Canadians look to Montreal as the key city and their buying habits are largely influenced by what is used in Montreal.

The FRENCH people are Steady Buyers. They constitute an unusual market.

Intelligent sales effort and organization, backed by adequate advertising in the language the people read and GRASP will open up this most profitable field for NEW BUSINESS.

The facts presented in these announcements are compiled from Government and other authentic sources by the Montreal La Presse as part of its service to manufacturers and others who wish to develop to the utmost the trade possibilities of this important section of Canada's population.

For full information on marketing conditions write the Business Manager, LA PRESSE, (Canada's French National Newspaper), Montreal, or
S. L. Rees, 213 Metropolitan Bldg., Toronto, Ont.
The Clougher Corporation Limited, 28 Craven St., London, W.C.2,
William J. Morton Co., New York Office: 300 Fifth Ave.
Chicago Office: 410 N. Michigan Ave.

YOU MAY BE STRONG ENOUGH IN ONE LANGUAGE, HOW ABOUT THE OTHER?

Six New Gold Producers Quebec's Quota for 1936

Amazing Growth in Ten Years Attracts Attention of Financiers

ATTITUDE CHANGES

The more populated sections of Quebec province are becoming increasingly conscious that things are happening up in the northwest corner.

Montreal brokers and financial houses who, a few years ago, considered mining stocks, particularly gold mining stocks, beyond the pale as far as their own particular portfolios were concerned, are now, to a greater degree than ever before, participating in financing the rapidly growing list of metal producers.

Behind this change in attitude are definite developments.

Exactly ten years ago, the annual report of the Quebec Bureau of Mines had this to say regarding gold production:

> "Except for a small production of gold and silver derived, as an experiment from straight gold ores mined in Cadillac township, the production of precious metals in 1926 is derived from the melting of complex ores, zinc, and lead from Portneuf county and copper-bearing pyrites from the Eustis mine. This had been the only source of our gold and silver production since the suspension in 1913 of placer mining operations in the Chaudiere River basin."

In that year of grace, 1926, total value of Quebec's gold production was about $76,000, a sharp increase over the 1925 figure of $38,000.

Today, Quebec has 14 gold-producing properties, and two on which production will start some time this year. This of course does not include the copper-gold Noranda Mines, largest gold producer in the province.

From $76,000 in 1926, Quebec's gold production rose in value to over $16 millions in 1935.

Reason For Change

Add to this the fact that new areas are under intensive development by large Canadian mining interests, and one has the reason for the unmistakable change in attitude noticeable along St. James St.

While gold is the biggest thing that has happened to the Quebec mining industry in years, structural materials are following the upward industrial trend, so that the mineral output of Quebec is climbing slowly back to the peak set in 1929, as will be seen from the accompanying chart.

As a gold producer, Quebec has worked its way from comparative obscurity to the position of Canada's second most important gold-producing province. Production in 1935, at 470,741 fine ounces, was over 14 per cent of Canada's total production.

Of Quebec's total production, about 65 per cent comes from the copper-gold ores of Noranda Mines, in the Rouyn district of Quebec.

This mine, by recent development, increased its ore reserves to a total estimated tonnage of 38 million tons, of which 7 million approximately have been mined. It is believed this mine, whose ore enables it to vary output between gold and copper depending on market prices, has sufficient ore to last the mill at present capacity for at least 20 years.

The producing mines whose output is largely or entirely gold, include Siscoe, Greene Stabell, Beattie, O'Brien, Granada, Bussieres, Sullivan Consolidated, McWatters, Arntfield, Canadian Malartic, Lamaque, Perron, Shawkey, and the recently rehabilitated property of Thompson-Cadillac Mining Corp. Of this list, Shawkey, Perron, and Thompson-Cadillac came into production since the first of the year.

30-Year Enigma

Two other properties, Stadacona Rouyn and Sigma, are potential producers, Sigma, subsidiary of Dome Mines, has not reached the stage yet where definite decision as to mill has been made, but Stadacona Rouyn is on the eve of production.

Of the areas where development work is under way, Chibougamau, for 30 years the enigma of Quebec mining, continued to hold public interest, and Consolidated Mining & Smelting Co. is actively developing a property in this huge, low grade district. Smelter's operation is seen as the key to the district, and there is little doubt that if the development proves successful, many other large and small companies, at present with holdings in the area, will increase the tempo of operations.

In Mud Lake district, in Guillet twp. development work has been pushed to an advanced stage, although the district has been but recently discovered. McIntyre Porcupine, which is going ahead with construction of a 100-ton mill, is leading in this field, its development being one of the most rapid in the history of the province.

Promising properties are being worked in Currie twp. known to mining men as the Rose Lake field, north of Senneterre. Opemiska Copper owns some encouraging looking prospects.

Mining men, who have, on occasion, little reason for holding governments in high esteem, have frequently paid tribute to the intelligent attitude taken toward the industry by the Quebec legislature.

This province was quick to adhere to the principle that new developments should not be taxed, being, as they are, potential sources of great wealth to the province. With this in mind, rate of taxation was changed in Quebec in 1935, to conform to the policy of taxing profits rather than production.

Recently, the government expressed its intention of assisting the development of new areas by the construction of roads into the more remote mining areas.

With this background, and the fact that the province, in 1936, should have at least six new producers in action before the end of the year, Quebec's mining men have reason to term the province Canada's fastest growing mineral area.

Quebec Income Passes Billion

Quebec's national income for 1935 is estimated at approximately $1,000 millions, as against approximately $900 millions in the previous year. Manufacture is by far the most important source of income, with agriculture second in importance.

The nine principal sources of income are shown hereunder:

(000's omitted)

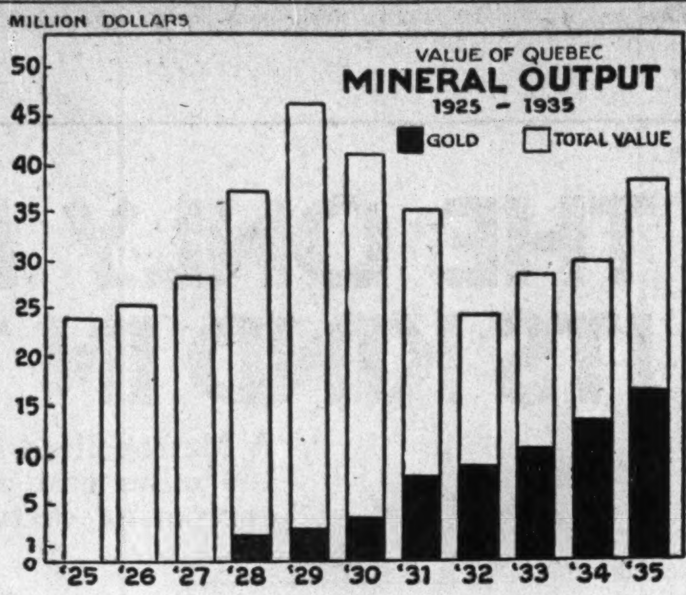
	Latest year	Previous year
Agriculture	$174,758	$182,075
Forestry	84,059	71,245
Fisheries	1,947	2,306
Trapping	725	657
Mining	37,000	31,270
Electric power.	55,000	53,846
Construction ...	44,472	34,135
Custom and repair	16,070	13,971
Manufactures ..	594,645	516,923

Quebec Pays One-third Investment Income Tax

Nearly one-third of the special 5 per cent income tax on the investment income in the fiscal year, 1934, was paid by residents of Quebec. The government's report shows a total of $4.8 millions collected, of which $1.5 million came from Quebec.

Ontario Coke Production

Production of coke in Ontario during the first quarter of 1936, at 365,008 tons, showed an increase over the 345,543 tons in first quarter of 1935. Ontario produced more than half of the Dominion total.



Growth of Nationalism Vital Factor in Quebec

Growth of a nationalistic spirit in Quebec in recent years has culminated in the setting up of a new political party and the laying down of a platform which is not without significance to the manufacturer or distributor marketing his products in Quebec. The new movement is the result of several years of unrest against a government in power without interruption for more than 35 years and has been fostered by appeal to the nationalistic spirit of the French-Canadian.

In seeking support this new party, known as the Alliance Libérale Nationale, has used all the time-worn political artifices. In some sections of the province there is even an agitation for a boycott against the purchase of products other than those of French-Canadian origin.

Cannot be Dismissed

The backing obtained by the A.L.N. is of such a character that it cannot be ignored as a "sign of the times" or as a movement that is likely to lose its popular appeal quickly and so can be disregarded.

The matter is of such importance that a number of manufacturers in Quebec have taken steps to inform the public of their support and interest in all that pertains to French Canada. An increasing number of French-speaking salesmen are being used by distributors, while more advertising is being done by the English-speaking houses in French newspapers to secure the support and patronage of French-speaking Canadians.

It must be admitted that in the past there has been a tendency to decry the nationalistic feelings of the French-speaking populace, but the determination of the latter to secure greater representation in the economic and trade life of Quebec has brought to the fore an issue, the satisfactory settling of which may well determine the future success of merchandise by many firms within and outside the province.

Dissatisfaction Verified

The situation is being watched with care; it is too important to be dealt with casually. Ordinarily the French-Canadian works in harmony with other nationals in Quebec, but the depression created a great deal of dissatisfaction, which under the active direction of the A.L.N., has become unified. Consequently a force has been set up which may have a very important bearing on the economic and social life of the province in the years immediately ahead.

This situation is well known within the province, but in other sections of the Dominion there is little or no knowledge of it. The manufacturer of or distributor interested in the French Canada market should make himself familiar with this development, for it promises to have a definite bearing on business operations in Quebec. Its aims and objectives may be modified, if the A.L.N. ever takes over the reins of government, but in any event the nationalistic movement shows signs of broadening rather than abating. Consequently it is a factor in considering the French Canada market.

Retail Buying in Quebec Over $750 Millions Yearly

Retail trade in Quebec for 1934 amounted to $446,954,000, an increase of 6.1 per cent over the sales figures of $421,139,000 recorded for 1933, but 3.9 per cent lower than the 1932 level.

These returns for both chain stores and independent stores were based on reports received from approximately 5,400 establishments, which are estimated to have transacted about 60 per cent of the total business of all retail stores in the province. On this basis, accordingly, the value of retail merchandise trade in Quebec during 1934 was in the neighborhood of $750 millions.

Representing the value of retail trade in 1930 at 100, sales in the following years may be represented by 1931, 86.4; 1932, 71.4; 1933, 64.7; and 1934, 68.6. These figures are derived from calculations made by the Dominion Bureau of Statistics.

Majority Record Increase

Of the 42 different kinds of business classifications, increases in business in 1934 over 1933 are recorded for 35 and decreases for 7.

The greatest increase in trade for 1934 over 1933 was experienced by motor vehicle dealers. The total business for these establishments, including the sale of both new and used vehicles, amounted to $29,833,000, an increase of 29.1 per cent over the previous year.

Other kinds of business which experienced an increase of 15 per cent or more over the 1933 level are as follows: Office, school and store supplies and equipment dealers, 25.9 per cent; furniture stores, 17.5 per cent; household appliance stores, 16.8 per cent; farmers' supply stores, 16.8 per cent and lumber and building material dealers, 15.4 per cent.

Sales of grocery stores and combination stores (grocery with meat markets) were $91,123,000 for 1934, an increase of 1.4 per cent over the 1933 figure.

Sales of meat markets were $16,585,000, or 9 per cent higher than in 1933. Value of sales for country general stores registered an increase of 9.8 per cent; for department stores 4.5 per cent; for men's and boys' clothing and furnishing stores, 7 per cent; for family clothing stores, 13.3 per cent and for women's apparel and accessory stores, the increase was 4 per cent. Coal and woodyards registered an increase in value of sales of 3.4 per cent over 1933, while drug stores reported an increase of 2 per cent.

Government liquor stores registered a decrease in the value of sales of 11.9 per cent below the 1933 figure. Slight decreases were also registered by candy and confectionery stores, accessories, tires and battery firms, shoe stores and electrical shops.

Chain Sales Lower

For the retail trade of the province as a whole, the ratio of chain store sales to total sales declined from 17.4 per cent in 1933 to 16.4 per cent in 1934. Chain store business for 1934 was valued at $73,091,000 compared with $73,398,000 for the preceding year. These figures include the Quebec sales of all retail organizations operating four or more units, inclusive only of department stores.

In the grocery and combination store field, chains in 1934 transacted business to the value of $19,759,000 or 21.7 per cent of the total business of all such stores. In the previous year the corresponding ratio of chain store sales to total sales was 22.8 per cent, while in 1930 it was 19.8 per cent.

In the variety store field, chains did 81.6 per cent of the total business in 1934; for filling stations the ratio was 42.9 per cent; for household appliance stores it was 82.3 per cent; for restaurants, 30.1 per cent and for drug stores 16.3 per cent.

Montreal 'Change Amends By-laws

From Our Own Correspondent

MONTREAL. — Amendments to the by-laws of the Montreal Stock Exchange have been approved, resulting in an enlargement of the governing committee from 9 to 14 to include representation from partners and members. The changes will become effective before the annual election.

Members also have approved the creation of one new classification in the membership, governing members, in addition to the ordinary membership, and honorary membership, which now exist. The new classification will not carry trading privileges. The governing memberships will be limited to five and will exist for the partners of ordinary members who are annually elected to the governing committee.

With the enlargement of the governing committee to include representation for partners and member firms, the advisory committee will be abolished. The latter was created in May, 1934, to enable partners and member firms to advise officially, with the governors of the exchange in matters of mutual interest. The latest change is designed to co-ordinate the different points of view in one single committee.

Statistics Oft Mislead In Quebec Market

Family, Not Individual, Controls Buying Power

STUDY CHARACTER

Two features stand out when considering the French Canada market. First, the matter of a proper interpretation of the statistics available on this market and, secondly, the question of advertising. In the first category many distributors have been misled by the appearance of limited purchasing power of the individual in Quebec. They have failed to give these figures more than a passing study and seldom consider the all-important matter of family life in Quebec.

Statistics relative to Quebec should be calculated on a per-family basis rather than on a per capita basis. On the latter basis, consideration is taken only on the number of individuals, be they old or young. Obviously with a high percentage of children in Quebec, statistics are thrown out of gear in making comparisons.

Family Wealth High

To elaborate. Take per capita wealth. In Ontario it is $3,188—in Quebec it is $2,982. However, remember that these figures are taken on a count of heads. The deduction might be made that the French-Canadians are poorer prospects for a sales campaign than their neighbors in Ontario. Now take the figures on a per family basis and the true picture will appear. The average number of persons per family in Ontario is 4.30 and in Quebec, 5.35; the average wealth per family in Quebec is $15,924 as against $13,708 in Ontario.

Again, when the official figures for total retail sales in Quebec are divided by the total population, to arrive at an average per capita purchasing power, children again upset pre-arranged calculations. The population of children in Quebec is so much greater than in other provinces that a per capita figure does not do justice to the average adult purchasing power of Quebec.

Children Are Important

The number of children in Quebec, therefore, is a definite factor to be considered when viewing various factors relating to that marketing area. Recent figures show that the average number of children in the Quebec family is 3.58 compared with a Dominion average of 2.99, and on the difference between those two figures depend a host of important matters.

Keeping this in mind, an entirely new light is shed on the business of making up statistics in reference to the Quebec market, for it is the children who make statistical figures deceive when the province of Quebe is considered.

Affect on Income Tax

Another instance which indicates how this army of childen put statistics to rout may be seen in income tax figures for rural Quebec. These are so small that the popular belief is that the Quebec farmers are poverty-stricken. But those who know rural Quebec see the picture in its proper perspective. These low tax returns are not surprising with twelve or fifteen "tax exemptions" sitting around the table in so many Quebec rural homes.

The last census shows that of the 2,311 families in the Dominion having 12 or more children in the family, no less than 1,440 of these families reside in Quebec. The number of Quebec families having more than five and less than 12 children totals nearly 115,000. Purveyors of children's supplies, such as suits, caps, boots and other merchandise, should bear these figures in mind.

Family Life is Key

Family life in Quebec consequently must be considered in surveying the French-Canadian market. These large families tend to keep family ties strongly knitted, which in turn find reflection in various characteristics inherent in French-Canadians. The same force which strengthens family ties also works in communities and permeates the whole province and has given rise to the strong individualistic tendencies evident among the inhabitants of the province. Thus, like their ancestors and present-day cousins in France, French-Canadians treasure privacy more than anything else. They would rather have a shack by themselves than share luxury with someone else.

After privacy, what they crave most is leisure. They have a real appreciation of comfort and the manufacturer who can demonstrate some article which will secure for the prospect more leisure and more comfort will immediately gain interest.

Over 34,200 Radio Sets Sold in Quebec in 1935

Last year 190,289 radio sets were sold in Canada and of this number 34,276 were marketed in Quebec.

The last quarter of the year would appear to be the best time to sell radios in Quebec, as the report of sales by quarters shows that nearly one half of the sets were marketed in October, November and December.

Chemical Needs Run Into Millions

Capital invested in Quebec's pulp and paper industry is almost equal to that reported by all other provinces. A total of 42 of the 95 plants are located in the province, while of the gross value of pulp and paper production in 1934 of $123 millions, Quebec accounted for $56 millions

This industry offers an important market for a wide variety of material.

In 1934 pulp and paper plants spent $7.8 millions on chemicals, etc., used in the manufacture of wood pulp. Nearly $3 millions was spent on sulphur; $395,000 on limestone; $670,000 on lime; over $1 million on liquid chlorine and $655,000 on salt cake. The outlay on pulpstone was over $400,000, while the balance spent on materials was for common salt, soda ash, alum, pyrites, bauxite, etc.

Other Needs Extensive

This does not cover the full expenditure by the industry on chemicals as there is an additional large outlay in the paper mills. For example in 1934, chemicals, dyes, colors and other materials used in paper making had a value of $5.3 millions.

Some of the items used in the manufacture of paper include soda ash, alum, clays, size, resin, silicate of soda, talc, starch, lime, liquid chlorine, asphalt saturation, casein, dyes and colors.

Spend $1.76 Per Head On Film Features

Capital expenditure on motion picture entertainment in Quebec during 1934 amounted to $1.76, as compared with the Dominion average of $2.33. Expenditures would be higher in Quebec were it not for the fact that provincial regulations prohibit children under 16 years of age attending public motion picture houses.

Better French Advertising
20 years a bilingual stenographer, sales and advertising man on the staff of prominent concerns, such as Johns-Manville, Tip Top Tailors, Harris Abattoir, etc., at various points of Quebec and Ontario. Highly recommended. Copy guaranteed clear, correct and concise. (Phone WA. 7157).
PAUL-E. PAQUET, translator,
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Toronto.

A NEW PICTURE OF
FRENCH CANADA
"La Revue du Québec Industriel"
published by Northern Electric outlines industrial development of Province
To make more widely known the diversified industrial development that has taken place during the past half century in the province of Quebec, Northern Electric is issuing a periodical in French entitled *La Revue du Québec Industriel.* Each issue deals with a specific region of the Province and the text is copiously illustrated. Executives interested in the development of the Province are invited to send for copies. Address Northern Electric: 1261 Shearer Street, Montreal.
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Ill-Advised Policies Bring Sales Failures

Intelligent Understanding Needed to Secure Foothold

RETURNS ARE GOOD

National distributors of merchandise often have unwittingly passed up or failed to secure a foothold in the French Canada market because of ill-advised policies; poorly directed advertising campaigns; in short, through failure to give the French Canada market the same close attention as is paid to the English-speaking market.

The number of failures has tended to build up a false impression of the difficulties which may be encountered in selling in Quebec. Because the manufacturers adopted a wrong method in approaching his market, does not mean that selling in Quebec is fraught with difficulties. In fact the very opposite is true. Given a right understanding of the French-Canadian viewpoint the distributor will find himself established firmly in the minds of a great community which spends money freely and whose annual income probably varies less than any other section of equal size in Canada.

Requires Close Attention

To achieve success in the Quebec market, the English distributor must give it the same close attention he gives the English-speaking section. If he does this, the seemingly unsurmountable obstacles dissolve and the way is prepared for building up a worth-while sales effort in a market represented by nearly three million Canadian citizens, whose buying power is of first rank importance.

The tremendous distribution of goods in Quebec from outside sources is sufficient indication that the so-called problem of marketing in the province is largely mythical. The basis of success achieved in many lines rests on a thorough appreciation of French-Canadian characteristics; once they are assimilated, the manufacturer or distributor will find a receptive ready market.

Remember French Origin

First, however, certain cardinal principles must be kept in mind when considering merchandising campaigns in Quebec. It must always be remembered that the French-Canadian speaks and reads and thinks in French; attends services in French churches; goes to French schools and universities; amuses himself in French clubs; patronizes French hospitals; speaks French in court and elsewhere. It is his mother tongue and therefore the lanquage with which he is most familiar.

Many French-Canadians speak and think in both French and English. The number is surprisingly large, but the French Canada market cannot be developed properly unless the sales appeal is made in French and catering to the characteristics peculiar to the French-Canadian.

The French-Canadian is thrifty. Thrift is sometimes confused with a miserly tight-fisted instinct, but the French-Canadian is thrifty in the purest sense of the word. If he sees what he needs and is convinced the article in question measures up to his requirements he will buy quickly.

Background of Consumer

Centuries of fighting for and living in a new world have left a certain mark on the French-Canadian character. In Quebec there is a large rural population which has tilled the same land for 300 years. Unlike the Western farmer he does not work to make large profits quickly. Farming is his life's business, his father's before him and his son's after him.

Progress has been made in realizing this condition. A large number of nationally known manufacturers and distributors firmly established in Quebec is ample evidence of the fact that a proper study of the market has been made and fully rewarded.

Policies in Disfavor

Though it is dangerous to make broad statements in connection with any individual market, it is safe to say there are certain merchandising policies which do not find favor with the French-Canadians.

In the first place the group appeal should be used sparingly, for the French-Canadians like to be different from one another. They are keenly individualistic and want personal consideration.

The scare appeal, so popular in many national advertising campaigns, is rarely effective in Quebec.

Another "don't" is innuendo appeal. French-Canadians dislike hints being made as to the possibility of their being not as particular as they should be about themselves.

Finally there is the high pressure "Do it now" appeal which finds scant sympathy. This type of solicitation leads the French-Canadian to think adversely of something which should be bought immediately. It would seem that this type of appeal tends to irritate rather than sell; possibly another indication of the individualistic attitude.

When Advertising pays

Mere words alone, especially poorly translated from English advertising copy, find little sympathy in the French-Canadian mind. The sales manager must penetrate deeper; he must know his market and the mind of his man before he can sell comprehensively. Some of the English advertising copy which has appeared in French in Quebec does not even make sense.

Further, a correct translation into French will not suffice as a rule. A knowledge of the customer's mind must be conceived before effective advertising copy can be prepared; through that knowledge is obtained a vision of the true value of the market.

Spending Power On Larger Scale

National income of Quebec in 1935 amounted to $1,064 millions as against $1,001 millions in 1934, according to an estimate prepared by The Financial Post Business Year Book. The per capita income last year was $370, an increase of 6.3 per cent over the preceding twelve months.

Comparison with the other provinces shows that on a per capita basis Quebec ranked third, following Ontario and British Columbia.

If the returns were calculated on a family basis, Quebec would stand even higher on the list for the average size of the family in the province is larger than in any other area.

Co-op. Trading Runs to Millions

Community Buying in Quebec Amounts to Over $16 Millions Yearly

Co-operative Agricultural Associations have been in operation in Quebec for nearly 30 years. Their importance in the general welfare of the rural areas may be judged from the fact that their annual sales total around $8.5 millions, and purchases $7.5 millions, a total turnover of $16 millions a year.

An association now consists of at least 25 members, each having to subscribe for five or ten shares, valued at $10 each, and contract, for at least three years, to deliver, buy or sell certain products through the associations.

In 1934, 135 associations filed reports of their operations at the Department of Agriculture. They included a provincial federation for the purchase and sale of all agricultural products, five provincial and thirteen regional co-operative societies of varied activities. The remaining number were local associations.

Over 20,000 Members

These associations had 20,445 members, who had subscribed for $846,912 of capital stock, and paid up $684,997. Sales transacted by the co-operative societies in 1934 amounted to $8,432,307, against which the government made a grant of 1½ per cent to associations fulfilling the conditions of the Act of Incorporation, 1930. In 1934, 87 associations benefitted by this subsidy.

In addition to sales, the associations purchased $7,456,242 of supplies in 1934. This was practically the same amount as in 1933, but was $1 million greater than in 1932.

Province Helps Colonists

Colonization premiums paid by the Quebec government to colonists in 1923 to 1934 amounted to $2,825,088. This premium covers clearing and first ploughing on new farm land.

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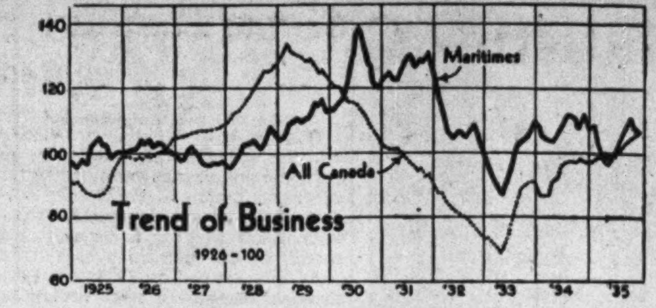

ABOVE DEPRESSION LEVEL

Trend of business in Quebec prior to the 1929-1930 collapse paralleled that for the rest of the Dominion. In the last six years, however, the diversity of economic endeavor has enabled the province to maintain business above the average. Naturally the depression has had its effect on Quebec, but, as the chart shows, conditions have been better than elsewhere.

Industries of Quebec Offer Big Sales Market

Over $357 Millions Spent on Materials by 8,168 Plants

Ranking as the second most important industrial province in the Dominion, the value of Quebec's manufactured products in 1934, the latest year available, amounted to over $766 millions, or roughly 30 per cent of that reported for all Canada.

Not only is there a large diversified demand for manufactured goods, but the geographical location of the province lends itself to the economic distribution of goods by rail or water; a factor which, with other advantages such as cheap power, plenty of labor, etc., had led to the establishment of over 8,000 industrial plants within its borders.

Six Main Areas

Industrially the province can be divided off into six major areas. To the west there is the Ottawa Valley centring around Hull. Here are large power developments, paper plants, lumbering mills and other manufactures.

A short distance to the east is Montreal—one of the principal manufacturing areas of the Dominion. Many of the country's larger industries are located at this point. It also is the headquarters of the country's two transcontinental railways, a fact which has been instrumental in the establishment of a number of industries to serve them.

Farther east and to the south are the Eastern Townships, or sometimes called "the New England of Canada." Development of this area as a manufacturing centre has been an outstanding chapter in the industrial history of the Dominion. In this section will be found the centre of the Canadian silk and textile industries, asbestos products manufacture, pulp and paper plants, lumbering mills and a host of specialized industries.

Locate Along River

On the lower shore of the St. Lawrence, comprising the territory around Three Rivers and Shawinigan Falls and Cap de la Madeleine is another industrial section of major importance. The pulp and paper industry is located here in force, while there are a number of smaller manufacturers, including chemicals, textiles, etc. This area has been receiving attention of late years and has attracted several scores of new industries in the past few years.

The fifth industrial area of the province radiates from Quebec City. It is one of the oldest established communities on the continent, and manufacturing has been carried on here for over two centuries. The availability of large supplies of cheap water power and raw materials of late years has given an added importance to the area as an industrial centre.

The newest manufacturing district in Quebec is that of the Lake St. John and Saguenay district. This is the home of the great pulp and paper and lumbering enterprise of Price Bros. and Co. Since 1920 the section has attracted millions of new capital in the form of such major manufacturing projects as the Lake St. John Power & Paper Co., Consolidated Paper Corp. and the vast Aluminum Ltd. plant.

Large Stake in Industry

According to the last census of manufacturers, Quebec has 8,168 plants, in which nearly $1,700 millions are invested. These plants had an output in 1934 valued at $766,498,000, of which the value added by manufacture was over $409 millions and the cost of raw materials, $357.7 millions.

Topping the list as the most important industry from the point of view of value of production was pulp and paper, followed by central electric stations, cotton yarns and cloth, smelting, tobacco and women's clothing.

The returns for 1933, the last year for which complete particulars are available, show 18 industries which reported an output valued at more than $10 millions each.

Market For Raw Materials

Considered from the standpoint of a market, Quebec industries offer an extensive and valuable outlet for the producer of raw materials.

Pulp and paper producers spent nearly $22 millions on materials. Raw cotton imports for the manufacture of yarn and cloth totalled nearly $20 millions, while tobacco manufacturers spent over $15.5 millions on tobacco purchases.

Refineries spent $11,379,000 on the purchase of petroleum, while shoe manufacturers spent $9,408,000 on materials, mostly for leather.

Silk Costs $5.5 Millions

Silk plants' expenditures for materials amounted to $5,562,000, the larger proportion of which was spent on real silk and the balance on sulphite pulp.

Flour mills' outlay for raw materials, mostly wheat, totalled $8,659,000, while the slaughtering and meat packing establishments paid to farmers and others over $13,733,000 for supplies. The railway rolling stock industry spent over $5,343,000 on supplies during 1933, while nearly $3,000,000 was spent on the purchase of rubber to be manufactured into footwear.

Raw materials to be used in the manufacture of electrical apparatus cost $2,461,880 in the year under review.

Over $9 Millions on Fuel

Fuel consumed in 1933 had a value of about $9 millions. The quantity purchases follow: Bituminous coal, 959,513 tons; anthracite coal, 97,627 tons; coke, 38,545 tons; gasoline, 431,246, gallons; fuel oil, 36,283,933 gallons; wood, 162,123 cords; gas, 1,759,368 M. cu. ft.

The foregoing outlines some of the major material purchases by Quebec industries.

Quebec Money Orders Worth Nearly $30 Millions

Money orders paid in Quebec in 1934 had a value of nearly $14 millions, while the number of orders issued totalled $15 millions. During the previous year money orders paid totalled $14.5 millions and those issued, $15.7 millions.

IF YOU WERE FRENCH
and lived in Quebec City

You would need to be in close touch with local affairs . . .

You would want a reliable, independent slant on both sides of current questions, both political and otherwise . . .

In a word, you would require a daily newspaper which you could read and quote with confidence and authority.

L'Action Catholique would fill your requirements to the letter.

You don't live in Quebec City; but thousands of intelligent French-Canadians, with the same editorial discrimination as yours, do . . . They and their families are to-day reading **L'Action Catholique** . . . And if you are making an article or selling a service which you want them to buy they can be economically reached through the daily newspaper of their choice.*

L'ACTION CATHOLIQUE
QUEBEC CITY

**Since January first this year L'Action Catholique has offered no premiums with subscriptions . . . We are gratified to find that our public is becoming more interested in news than in nutmeg-graters.*

Circulation: ABC March 31 statement........ 36,158 net paid
Present estimate .... 40,000 net paid
Increase since Sept. .... 7,709 net paid

People's Bank Fosters Thrift

Quebec Credit Societies Prove Aid to Economic Progress

Further development of co-operative people's banks is encouraged by the Quebec government, which grants a yearly subsidy of $20,000 to the Quebec Federation of District Unions to foster the founding, maintenance and inspection of these credit societies.

The co-operative people's banks, which are peculiar to Quebec alone, are governed by the Quebec Syndicate Act, 1906. The transactions are those of a mutual company, owing to the fact that they generally loan only to shareholders, who also have the right of making deposits. This dual privilege makes them a savings and credit institution available to agricultural and industrial progress.

Encouragement to Thrift

The capital stock of these people's banks, which is generally fixed at $5 a share, is usually on an installment basis. The liability of the shareholder is limited to his subscription which generally does not exceed $2,000. Both shares and deposits may be withdrawn on demand.

The members must reside within the area of the bank's field of operation; the by-laws may, nevertheless, allow those who move to another locality to continue members of the association but without eligibility to office. The larger loans are made upon first mortgage and the smaller ones upon notes. Capital and interest must be repaid at fixed periods in such a way as to extinguish the debt within a determinate time.

The most recent summary of operations of the co-operative people's bank, made in 1934, shows total assets of over $9 millions, of which $1.5 millions represented capital stock, $6 millions savings and over $1.1 million reserve fund.

Receipts of the People's Bank in that year amounted to $11 millions. Disbursements included $7.2 millions of savings refunded; $2.1 millions loans and investments; $118,434 capital refunded; $300,341 general expenses; $84,219 dividends; $214,949 interest on savings. Cash on hand was $1 million at end of year.

Catholic Order Sells Mortgage

French Syndicate Handles $880,000 Issue of Sacred Heart Order

From Our Own Correspondent

MONTREAL.—A syndicate headed by Comptoir National de Placements Ltee. and composed of Banque Canadienne Nationale, Credit Anglo Francais, L. G. Beaubien and Co., Rene T. Leclerc Inc., Ernest Savard Ltee., and Dube Leblond and Co., is offering $880,000 first mortgage bonds issued by the Brothers of the Sacred Heart as follows:

$295,000 at 3½ per cent, maturing from 1937 to 1946, and $585,000 four per cent maturing from 1947 to 1954.

The present issue is secured by all assets and buildings as well as the general credit of the whole institution. Moreover, the bonds will bear a first specific mortgage on the movable and immovable assets of the Institute situated in Montreal, Point aux Trembles, St. Hyacinthe and Granby, having a municipal valuation of $1,787,000, or more than twice the total amount of the bonded debt.

New Construction Gains $10 Millions

Construction undertaken in Quebec during 1935 had a total value of $44.5 millions, an increase of over $10 millions in comparison with 1934. In all, 5,441 contracts were let, and of this number 3,508 were for residences, 1,190 for business properties, 168 covering industrial plants, and 575 general engineering projects.

The trend of construction in Quebec during the last few years has been steadily upward and judged by returns for the first quarter, the value of new buildings undertaken in 1936 is expected to be the largest reported since 1931.

Tobacco Trade Centres in Quebec

All Canadian Needs Could Be Supplied by French Canada

Any manufacturer or distributor interested in the tobacco industry cannot afford to overlook Quebec. Over $37 millions are invested in the Canadian tobacco industry and of this amount nearly $32 millions are invested in the province.

During 1934, the latest year for which complete statistics are available, 72 tobacco plants in Quebec reported an expenditure of $16 millions on materials. In addition about $5.7 millions were distributed in the form of salaries and wages to 6,709 employees.

An analysis of the cost of materials as reported by the Quebec plants for 1934, shows $5.5 millions spent on imported raw leaf tobacco and $6.6 millions on domestic raw leaf tobacco.

Over $100,000 was spent on wooden cigar boxes and approximately the same amount on other types of cigar and cigarette boxes.

Nearly $600,000 was spent on cigarette papers and $457,000 on lead and tinfoil.

A relatively new item used by the tobacco industry is Cellophane and it is interesting to note that in 1934 the Quebec plants spent $421,631 on this product. In addition $1.7 million was spent on other types of containers, wrappers, labels, etc.

It is an easy matter for the distributor or manufacturer to cover the Quebec tobacco industry, as practically all the plants are located in Montreal, Quebec City, or Joliette.

Money for Charities

Disbursements by the Quebec government to charitable institutions in the last seven years have averaged better than $14 millions annually.

GOVERNMENT,
MUNICIPAL and CORPORATION
SECURITIES

Religious
Institution Bonds

●

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240 St. James St. West MONTREAL

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CANADA'S DYNAMIC FRENCH NEWSPAPER
IS NEEDED TO COVER THE FRENCH CANADIAN MARKET

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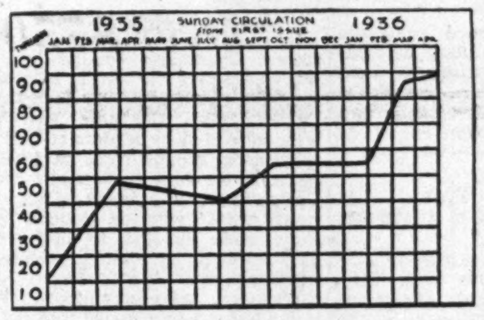
8 Pages ROTOGRAVURE
40 Pages of new NEWS



Sunday Edition first issue January 6, 1936

CIRCULATION — 19,000
NET PAID AVERAGE CIRCULATION
for APRIL 1936 —
SUNDAYS 93,088
SATURDAYS 35,000
Week End Combination . 128,088
This circulation is considerably above the guaranteed week-end circulation of 100,000
Combination advg. rate 15c per line→
Sunday ROTO. 20c
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Refined from 100% Pure Pennsylvania Crude Oil and approved by the Pennsylvania Grade Crude Oil Association. For your protection Champlain Penmark comes in sealed cans.

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SUN LIFE BUILDING, MONTREAL, QUE.

Starting Soon On Job to Get 300,000 Work

National Employment Commission Under Way Next Week

ASK CO-OPERATION

WILL ATTEMPT TO PUT UNEMPLOYED TO WORK

Here's the personnel of the new Federal Employment Commission. From left to right are pictured (TOP) A. B. Purvis, Montreal, chairman; Prof. W. A. Mackintosh, Queen's University; E. J. Young, Dummer, Sask.; Tom Moore, Ottawa; (BOTTOM) A. N. McLean, Black's Harbour, N.B.; Alfred Marois, Quebec City; and Mrs. Mary Sutherland, Wells, B.C.

Canada's new National Employment Commission next week will start on its task of putting over 300,000 workers back on the job. Judging by the public statements of Chairman Arthur B. Purvis, the objective will be to get the bulk of these unemployed absorbed permanently into private industry rather than in temporary government projects. Co-operation of the public is sought.

Hopes of success are largely based on the fact that each of the seven members of the commission brings to his or her new position specialized knowledge covering a wide range of major industries and of Canadian areas.

Survey Comes First

First object of the commission will probably be a national unemployment survey to determine the actual number of jobless and classify their abilities. With this will probably be an investigation of the industrial and agricultural field to determine just where the unemployed could fit in under certain conditions. With such information before them, then the commission can go ahead with recommendations designed to bring about those conditions favorable to the employment of more labor by private industry

Views of Three Known

Three of the seven members of the board recently contributed articles to The Financial Post's series, "Canada and the Next Five Years." They were, A. B. Purvis, chairman, A. N. McLean and E. J. Young.

The old time honored rough and ready methods of cutting wages or sending jobless in wholesale lots back to the land would seem to have little hope of getting anywhere with the new commission. Organized and official labor is strongly represented while agriculture boasts at least two supporters. From the standpoint of Canadian geography and Canadian industry the new body has all the indications of living up to its name of National Employment Commission.

Short sketches of the members follow:

* * *

A. B. Purvis

Heading the commission is Arthur Blaikie Purvis, president and managing director of Canadian Industries Ltd.

Born of English and Scottish parentage in 1890, he gained his first business experience with Lynch Brothers of London, England, and later held various posts with Nobel's Explosives Co. Ltd. of Glasgow, now Imperial Chemical Industries Ltd., of London.

Between 1910 and 1912, he travelled for Nobel's Explosives in South America, Africa, and represented Imperial Chemical Industries in the United States between 1912 and 1924. Coming to Canada the following year, he has risen to the head of Canadian Industries Ltd., a company associated with both Imperial Chemical Industries and the E. I. du Pont de Nemours & Co. of the U. S.

He is president and a director of Dunlop Tire and Rubber Goods Co. of Canada Ltd., and Canadian Safety Fuse Co. Ltd., and a director of the Bank of Montreal, Bell Telephone of Canada, Canadian Investment Fund Ltd., Canadian Lastex Co., Ltd., Consolidated Paper Corp., General Motors Corp. of New York, and several insurance companies in Canada.

* * *

A. Neil McLean

Ex-banker, author, business man, A. Neil McLean, born in New Brunswick in 1885, is director of a half dozen Maritime business enterprises. Banker for 15 years, he is president of Connors Brothers Ltd., large fish products concern, and a director of New Brunswick Publishing Co., Maritime Trust Co., Scovil Brothers Ltd., and Fundy Marine Insurance Co.

* * *

Alfred Marois Jr.

Son of a prominent Quebec family, he graduated with honors as a civil engineer after a distinguished scholastic career. in 1918 joined A. E. Marois Ltd., shoe manufacturers, his father's firm, and rose to vice-president.

He is president of the Federation of Chambers of Commerce of Quebec, president of the Quebec Board of Trade, director of the Canadian Chamber of Commerce, and is president of the Boot and Shoe Manufacturers Association of Canada.

* * *

Tom Moore

Tireless trade-unionist and veteran Canadian labor leader, now nearing 60, Tom Moore will bring the labor viewpoint to the new unemployment commission. He started as a carpenter, rose steadily to become president of the Trades and Labor Congress of Canada in 1918 and remained in that post until last year, retiring to join the employment and social insurance commission.

* * *

Mrs. Mary Sutherland

Sixteen years ago, as Miss Mary McCallum, was one of the most colorful figures in western politics. She was associate editor of the Grain Growers Guide, now the Country Guide and what she wrote commanded the attention of the rural feminine population of the west.

Defeated as candidate for parliament on the Progressive platform, she joined the Liberal party in the middle twenties. She is married to Dr. Sutherland of Shelbrooke but moved with her husband to Wells, B. C., three years ago.

* * *

Professor W. A. Mackintosh

Steeped in the lore of political economy, and head of the Political Economy at Queen's since 1927, Professor Mackintosh has a notable academic background as a lecturer at Queen's, Harvard and Brandon College. He was born in Madoc, Ont. in 1895, son of the inspector of school for Hastings county.

Special assignments for the Tariff Commission, and under the Combines Investigation Act in 1926, as well as work on behalf of the Department of Labor and the Bureau of Statistics and research work in pioneer settlement in western Canada, have brought him into the public eye in recent years.

* * *

E. J. Young

Newsboy at 11, aiding in the support of his widowed mother, and family, E. J. Young supplemented his earnings in later years from following his father's trade of carpentry. With the added income he paid for his education.

As a homesteader in Saskatchewan he laid the foundation for his present farm holdings and for years took an active part in community affairs. He was a teacher, secretary-treasurer and trustee of the local school district.

Nominated a federal candidate for parliament in 1925, he was elected to the seat which he held for the next ten years. He was a member of the price spreads and mass buying commission.

WILL DROP EXPORT TAX ON LIQUOR

(Continued from page 1)

emanating from New York City, Montreal and Toronto, however, indicate that $3 millions is the total exacted directly from the largest companies.

For instance, White & Case, counsel for Distillers Corp.-Seagrams, Ltd., notified the New York Stock Exchange May 15 that a payment of $1.5 millions will release that company from all claims arising out of the prohibition era. This sum will be payable $250,000 in cash and the balance of $1,250,000 in installments without interest.

Walker's Have Free Hand

Details of settlement with Hiram Walker-Gooderham & Worts are withheld The company will likely, now for the first time, be free from the legal menace held over it by the U. S. treasury by paying $200,000 in cash and $800,000 additional on the basis of 20 cents a gallon exported to the United States until 1938, or such time as the amount is made up. The cash payment would be only equivalent to 30 cents a share on the common stock, which is a small fraction of the earnings of 1935. The company, though expressing itself as confident that it could win its case in the Courts, is freed by this settlement from the threat of the bill now before Congress to prevent companies exporting if their products got into the United States during the dry era.

Hiram Walker-Gooderham & Worts will pay dividends on preferred and common at the regular rates on June 15. The preferred pays $1 a share annually. The common dividends began March 16, 1936, at $2 a share. The present quarterly payment will, therefore, be 50 cents a share to shareholders of record May 25.

Distillers to Pay $230,000

Montreal states that United Distillers is to pay $230,000 to the United States treasury and Canadian Industrial Alcohol (Consolidated Distillery) to pay $250,000. These sums will probably be collected by adding something to the customs duties of $2.50 a gallon.

The probability is that the Canadian companies will not be hampered in any way by the payments arranged. The cash payments are so small in proportion to the interests involved that they will not interfere much with current earnings and the addition to customs duties involved will be more than offset if the Canadian government abandons its export duty of 25 cents a gallon.

Halifax Cargo Tonnage Records Small Decrease

From Our Own Correspondent

MONTREAL. — Cargo tonnage handled at the port of Halifax during April amounted to 176,688 tons, of which 74,298 tons was inward and 102,390 tons outward. For the same month last year cargo handled amounted to 198,092 tons.

For the first four months of 1936 842,629 tons was moved through the port, the inward and outward cargo being about equally divided. This is in contrast to 922,897 tons for the corresponding period of 1935.

New Farming Vistas Opened by Chemurgy

Scientists Link Industry and Farm Together at Detroit

(Continued from page 1, col. 3)

headquarters at Dearborn, Mich., which came into being two years ago as a Ford answer to the new fangled economics of crop restriction as practised by Roosevelt's Triple A. Through a dual permanent president (Francis P. Garvan) the Council is tied to Chemical Foundation which has flourished since the war as a nationalistic body for study and the dissemination of propaganda.

Power Alcohol Argument

So great were registrations at this second Chemurgic council that it was necessary to shift meetings from Dearborn Inn to a downtown Detroit hotel. Keynote speeches were delivered by leaders of typical sponsoring groups such as Mellon Institute, du Pont de Nemours, Dow Chemical Co. and heads of various "land grant" colleges. Special sessions were devoted to individual subjects such as plastics, cellulose, fertilizers, soy beans, starch and sugars, etc., and power alcohol. The latter loomed as a major interest of the council and raised bitter controversy between chemurgists and old line oil interests.

Biggest Boon-Doggle

"I do not mean to abuse the oil interests," shouted President F. P. Garvan in a three-hour fighting speech. "They are under the unfortunate leadership of Standard Oil of N. J., an international corporation." He concluded: "The biggest boon-doggle in the world today is the burning up of petroleum."

In essence the argument seemed to be that American petroleum oil resources were good only for another 12, 15 or 25 years and that salvation should and must come through using a mixture of say 10 per cent alcohol in gasoline to conserve these resources and open a new market for American farmers.

Judged by the public rebuttal of American Petroleum Institute, the oil interests do not object to normal economic developments in this field but are fearful lest chemurgists (or others) seek legislation at Washington forcing an arbitrary minimum percentage of alcohol in gasoline.

New Uses For Oats

Typical of the way in which subjects under discussion bore directly or indirectly on Canada was a contribution to the plastics discussion by Dr. F. N. Peters, director of research, Quaker Oats Co. Dr. Peters told how, in the hands of the chemist, the humble oat had now been put to such widely varied uses as a popular and widely-selling cosmetic; an article to refine lubricating oil; a plastic, and a product which when added to foods such as coffee, potato chips, salted nuts, etc., cuts rancidity and lengthens the life of the product materially.

He told how the demand for some of these by-products had developed to such an extent that at some periods of the year it was necessary to run the oatmeal plant overtime to provide enough by-products to meet demand.

Canadian Angle

Subsequently, Dr. Peters told me that in the near future the company planned to manufacture some or all of these industrial products at its Canadian mill at Peterborough, Ont., and that once demand develops sufficiently the Canadian plant would be called on to supply the company's overseas market.

Since Canada's oat crop is valued in normal years at well over $100 millions annually, any important extension of the use for oats either directly or in by-product form might eventually mean many additional dollars in the pockets of Canadian farmers.

Here is the typical, intensely practical application of farm chemurgy.

Canada Will Benefit by Removal of Pressure on Acreage

(Continued from page 1, col. 4)

born conference outlined the immediate objective of the Farm Chemurgic Council as at least 50 millions of acres of crops devoted to industrial uses in United States in the next few years. That would mean an acreage, more than twice the size of the present Canadian wheat area, taken out of what is now largely food production and put to producing raw materials for American industry. Such a block of land is easily capable of producing 500 million bushels of wheat in a poor year, and twice or three times 500 millions in a favorable season. It would effectively put United States permanently out of the export agricultural picture in nearly all lines, including grain. It might indeed, result in a new and steady market for possibly 50 million bushels of Canadian hard wheat in the United States.

Plenty of Raw Materials

Such, apparently, is the objective of this new American association, which is designed to link, via the laboratory of the scientist, the farm and the factory.

The need of United States agriculture, as outlined by Dr. Alonzo E. Taylor, director of Food and Research Institute, Stanford University, is not the production of more exportable raw material, but a greater variety of agricultural production and more elaboration of the material so produced.

40 Millions Short

Dr. Taylor believes the present unsatisfactory position in which American agriculture finds itself is the result of a sudden reversal in the trend of population growth which took place after the war. Had the natural growth of population and the inflow of immigration continued at the same pace as was in effect earlier in the century, the U. S. total population would now be around 170 millions in place of an actual 130 millions. At the same time, said Dr. Taylor, the farm population would gradually have shrunk to around 25 millions. All through the last century and for the first fifteen years of the present century, this was the gradual trend, the total population increasing rapidly, but the proportion of that living on the farms declining.

Then came a sudden shutting off of immigration. This was followed by a pronounced slowing down in natural growth, a phenomenon not confined by any means to United States, but to practically all of the western civilized world. As a result, the United States farmer found his market shrinking. The extra 40 million people which would have been here had the earlier trend continued, and which would have been able to consume a large amount of the agricultural surplus, failed to materialize. Aggravating the situation was the recent depression, which sent six million urban people back to the farms, and that materially reduced the acreage per person on farms.

Deplores Back to Land

Instead of feeling proud of reversing this trend of population away from the farm to the city, Dr. Taylor maintained that it was a backward step in view of the fact that modern science and modern machinery of production permitted the present-day farmer to produce a great deal more than his father could ever hope to do.

However, through diverting production for human food to raw materials for factories, Dr. Taylor believed that the American farmer would make himself more prosperous, and in this diversion he agreed that major countries like Canada would stand to benefit.

Price Bros. Vote Appeal Postponed Until May 26

From Our Own Correspondent

MONTREAL. — Petition, questioning legality of the vote of the Saguenay Power against reorganization plans, submitted April 29 last, to shareholders and creditors of Price Bros. and Co., in bankruptcy, has again been postponed and will come before the Courts on May 26.

Hamilton Coke Issues More Bonds

General Mortgages Replaced by New Issue With Lower Coupon

From Our Own Correspondent

MONTREAL. — Hamilton By-Products Coke Ovens is making a public offering of $750,000 of 6 per cent general mortgage sinking fund bonds through a syndicate headed by W. C. Pitfield & Co.

By arrangement with the holders, the company is purchasing for redemption $250,000 principal amount of the outstanding $1 million general mortgage 6½ per cent 25-year sinking fund bonds, due July 1, 1956, and $750,000 of new general mortgage bonds now being offered will be issued to the holders in exchange for the balance.

Particulars of the issue follow

$750,000
Hamilton By-Products Coke Ovens
General Mortgage 6 per cent S.F. Bonds
(Closed Issue)

Dated April 1, 1936. Due April 1, 1956. Principal and interest payable in Canadian funds. Sinking fund commences April 1, 1937, under which payments, equal to 2½ per cent of the aggregate and principal amount of bonds issued, plus an amount equal to the interest on all bonds previously retired, will be made annually.

Capitalization:	Authorized	Issued
1st mtge. 20-yr. S.F. bonds	$3,000,000	$2,500,000
Gen. mtge. 6% S.F. bonds	750,000	750,000
Com. shs., p.v. $100	1,000,000	1,000,000

Company: Engaged in the coking of coal and disposing of the resultant products.

Earnings: Estimated net earnings for the year ended March 31, 1936, after deducting depreciation and income tax, and on the basis outlined in the prospectus, amount to $435,000. Interest on the first mortgage bonds amounts to $125,000 and on the general mortgage bonds, $45,000.

Security: Direct obligation of the company and secured by second specific mortgage charge upon all fixed property and plant and a floating charge upon all other assets.

Offered: At 99.50 and accrued interest, to yield over 6 per cent, by W. C. Pitfield and Co., Nesbitt Thomson and Co., Dominion Securities Corp., Wood Gundy and Co., and Midland Securities.

Telephone Holding Firm Offers Notes

Telephone Securities Asks $1.5 Millions Through Note Issue

From Our Own Correspondent

MONTREAL.—W. C. Pitfield & Co. are making a public offering of $1.5 millions of 5½ per cent collateral trust notes of Telephone Securities Ltd., at 98½ and accrued interest, to yield 5.85 per cent.

This company was incorporated in Quebec two months ago to take over a controlling interest in the capital stock of Telephone Investment Corp., which in turn owns practically all of the issued shares of Phillipine Long Distance Telephone Co. The underlying debt of these companies aggregates $109,000.

Repay 1937 Notes

The present financing is being carried out for the purpose, among other things, to raise capital to repay $1.5 million of 5½ per cent notes, maturing 1937, of the company's predecessor.

Particulars of the issue follow:

$1,500,000
Telephone Securities Ltd.
5½% 5-Year Collateral Trust Notes

Dated April 15, 1936. Due April 15, 1941. Principal and interest payable in American and Canadian funds. Redeemable on 60 days' notice at par and accrued interest.

Capital:	Authorized	Issued
5½% collateral trust notes	$1,500,000	$1,500,000
Common stock ($10 par value)	1,600,000	1,600,000

Company: Holding company for a holding company controlling Phillipine Long Distance Telephone Co.

Earnings: Earnings of Telephone Investment Corp. and its operating subsidiary in 1935 showed $179,677 available for dividends on stock owned by Telephone Securities and hypothecated as collateral security for the 5½ per cent notes.

Security: Secured by 51,034 shares of capital stock of Telephone Investment Corp.

Offer: W. C. Pitfield and Co., at 98½ and accrued interest.

Remington-Rand Common Listed on Toronto 'Change

Remington-Rand, Inc. common stock is now quoted on Toronto Stock Exchange. Transactions have been limited since shares were called on the industrial section May 18 but interest is being shown in this stock which has been mainly traded in so far on the New York Stock Exchange. Code abbreviation will be RR.

PURE WOOL OVERTHROWS

Delightfully soft and appealing are these colourful, warm overthrows, made in all sizes and shapes from long, fleecy wools . . . also blankets and travelling rugs. Superlative values by an all-Canadian company.

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Senate Finding To Be Accepted

From Our Own Correspondent

OTTAWA. — Whether legislation will be adopted this session or in 1937, the government will accept the recommendation of the Senate subcommittee on small personal, short term loans and fix 2 per cent per month as the maximum legal rate.

As forecast in The Financial Post, this sub-committee after reviewing the short term loan business thoroughly, has decided to recommend that the maximum rate of interest be cut from 2½ to 2 per cent per month.

Seek to Block Windsor Merger

Walkerville Group Seeks Injunction Against Municipalities

Application has been made by a group of Walkerville property owners to the Supreme Court of Ontario for a declaration that the Windsor Amalgamation Act is ultra vires the Ontario legislature.

Meanwhile legal details of the plan for refinancing debt of the four municipalities are being completed.

The plaintiffs are E. F. Ladore, B. W. Bennett and H. W. Cunningham, of Walkerville. They have been among the leaders in Walkerville's pleas to be left out of the merger and allowed to pay its debts by its own arrangements with creditors.

Montreal 'Change Elects New Slate

Few Changes Made in 1936-37 Executive of Stock Exchange

H. J. CHILD

MONTREAL. — H. J. Child, of Holt Rankin and Child, has been elected chairman of the Montreal Stock Exchange for the 1936-37 term. F. S. Mathewson, of Thompson, Mathewson and Co., has been returned as vice-chairman, and Grant Johnston, of Grant Johnston and Co., secretary-treasurer.

J. E. McKenna, of Yates and Co., recently elected chairman of the Montreal Curb Market, has been elected to the governing committee. He fills the vacancy created by the retirement of J. R. Donaldson.

Other members of the governing committee, re-elected for the new term, are: Maurice Forget, of Forget and Forget; J. D. Herdt, of L. G. Beaubien and Co.; H. C. MacDougall, of MacDougall and MacDougall; A. E. D. Tremain, of R. Moat and Co.; and D. S. Yuile, of O'Brien and Williams.

The following nominations have been posted for the position of governing members (five to be elected); Henri Garneau, of Garneau and Ostiguy; H. C. Flood, of Flood, Potter and Co.; R. N. Hickson, of Hickson and Yuile; Angus W. Hodgson, of C. J. Hodgson and Co.; William Leggat, of Leggat Cassils and Co.; G. E. McCuaig, of McCuaig Bros. and Co., and G. H. Turpin, of Turpin and Co.

Toronto Sells Bonds At Low Cost of 2.43%

Sale of $6,144,000 debentures by the city of Toronto on May 20 was made at the low cost of 2.43 per cent, the issue being awarded to a syndicate headed by R. A. Daly & Co., Toronto, at a price of 100.413.

The issue is divided into 3 groups: $2,872,000 of 2 per cent serial debentures maturing 1937-41; $2,283,000 of 2½ per cent serial debentures maturing 1937-46; and $989,000 of 3 per cent serial debentures maturing 1937-56. The call for tenders specified that one price should be submitted for the entire issue.

Bids were as follows:

Royal Securities Corp.; Dominion Securities Corp., and Imperial Bank of Canada	100.317
Wood, Gundy & Co.; A. E. Ames & Co.; Royal Bank and Dominion Bank	99.327
Bank of Montreal; McLeod, Young, Weir & Co.; Bell, Gouinlock & Co.; Mills, Spence & Co.; McTaggart, Hannaford, Birks & Gordon; Hanson Bros. Inc.; C. H. Burgess & Co.	100.08
R. A. Daly & Co.; Bank of Nova Scotia; Bank of Toronto; Cochran, Murray & Co.; Dyment, Anderson & Co.; Midland Securities Corp.; J. L. Graham & Co.; Matthews & Co.; Flemming, Denton & Co.; Fry & Co.	100.413

Investment Trusts

	Bid	Asked
All Can. Com. Trustee Shs.	11.75	12.35
Can. Amer. Trust	3.90	4.10
Can. Equity	*12.50	....
Can. Invest. Fund	4.10	4.30
Can. Int. Trustee*	4.75	5.25
Do., (modified)	5.25	5.75
Grouped Income	†5.48	6.00
Trans-Canada	11.85	12.40

*Unmodified. †Ex-coupon.

Dom. Engineering Secures Big Job

Will Build Two Newsprint Machines for Ontario Paper Co.

From Our Own Correspondent

MONTREAL. — Dominion Engineering Works has been awarded a contract for the design and construction of two newsprint machines for the Ontario Paper Co.'s new plant at Comeau Bay, on the Manicougan River.

The machines, which will be 262 inches wide, will embody the most modern paper machine design and will be capable of production of 1,500 feet per minute. While they will not be the widest machines in the world, only two, one in Canada and one in England, exceed them in average strip.

Cost Over $2 Millions

The contract entails a matter of over $2 millions and it is estimated the expenditure being made by the Ontario Paper Co. for the construction of these machines will provide the equivalent of full time work for more than 1,000 men during the next twelve months.

The machines will produce paper for the New York Daily News.

Syndicate Offers Nova Scotia Bonds

The province of Nova Scotia has sold $4,579,000 of 3¼ per cent 20-year bonds to a syndicate headed by the Royal Bank at a price of 98.277. The bonds are being offered at 99.50 to yield about 3.28 per cent. Proceeds of the issue are to be used for highways, unemployment relief, new buildings, equipment and revenue deficit.

Alternative bids were asked for 10-year and 15-year 3 per cent bonds. In addition, the Royal Bank syndicate submitted a bid on $2.5 millions of 3 per cent 10-year bonds and $2 millions of 3¼ per cent 20-year bonds. Tenders on this combination were not called for.

Syndicate groups and bids were as follows:

Group I—Royal Bank; Bank of Commerce; Wood, Gundy & Co.; A. E. Ames & Co.; Eastern Securities Co.; Dominion Securities Corp.

Group II—Bank of Montreal; Bank of Nova Scotia; Royal Securities Corp.; McLeod, Young, Weir & Co.; Mills, Spence & Co.; Bell, Gouinlock & Co.; Irving, Brennan & Co.; Hanson Bros.; McTaggart, Hannaford, Birks & Gordon; Dominion Bank.

Amount:	Issue	Group I	Group II
$4,579,000—3¼%	20-yr.	98.277	98.38
$2,500,000—3%	10-yr.	97.77	97.41
$2,000,000—3%	15-yr.		
$4,500,000—3%	15-yr.	no bid	95.58
$4,500,000—3%	10-yr.	98.777	98.54
$2,500,000—3%	10-yr.	▲98.777	....
$2,000,000—3¼%	20-yr.	▲98.522	....

▲Tenders not called for; combined price 98.66.

- BONDS -

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Canada . . . and the Next Five Years

Leaders of Single Mind On Transportation Ills

Central Control and Co-ordination Given as Chief C. N. R. Solution by Prominent Canadians

As pointed out in a previous article summarizing the views of Canadian leaders who contributed to the Financial Post's series "Canada and the Next Five Years," a close connection was found between the problem of government debt and taxation and the cost of the Canadian National Railways. The writers show unanimity in stressing the seriousness of the load but divergence in their views for lightening it.

Dr. George Trueman, of Mount Allison University, thinks it is evident that we cannot continue to increase our public debts without finally wrecking our country, and that probably we are reaching a climax in connection with the railways.

Co-ordination Stressed

When looking for a solution, however, he is baffled by the fact that "the most careful students have given so much time and have not been able to reach a conclusion." He suggests, however, that competing lines will have to be closed, and that if the railway commission is functioning properly, this should mean no difference in rates.

Other Educationalists

To another educationalist, Dr. R. C. Wallace, Alberta University, the need is for "the fullest degree of co-ordination leading, eventually, to amalgamation, preferably under state management, or alternatively under private management, controlled by a strong board of railway commissioners."

This feeling that no immediate solution is available is voiced also by another educationalist, Sir Robert Falconer, who, while urging that consideration of the problem be non-partisan, says, "Probably no complete solution will come as a whole, but it will come gradually through minds which have been long pondering the difficulty."

Two Forms of Co-ordination

Another supporter of co-ordination of all forms of transport is Dr. Horace Brittain, who sees the solution in co-ordinating transport by highway, rail, water and air on a national-provincial basis. This, he feels, should be done, first financially, "so that each form will find its proper economic level, and none should be subsidized at the expense of the other or of the general public. Traffic of each type should bear its own cost, not only for salaries and wages, but for maintenance and construction of road surface, right of way, canals or landing fields, and air harbors."

Secondly, Dr. Brittain would coordinate transportation administratively so that similar governmental regulations would be applied to all. "None of the cost of transportation should be charged against the taxpayer as such. As it is now, the average family which may not stir from its front yard contributes possibly $80 annually to the transportation costs of other people. This is neither wholesome nor just. What ought to be done can be done, and finally will be done either before or after collapse."

All Forms Need Control

This lack of central control is also deplored by C. H. Carlisle, who believes the high cost of transportation and losses accruing therefrom are traceable to this cause. "I feel," he says, "there should be a stabilization of rates in all kinds of transportation and equitable control as to operations. My thought is that there should be an appraisal made of our railway systems to establish their capitalization on a current replacement basis. It is on this basis that both systems should be expected to make a fair return on the amount of money invested."

Another businessman, Norman J. Dawes, of Montreal, points out that business has learned that where a company has a number of competitive branches, centralized management and a community of interests between these branches are necessary for success. The same rule, he feels, should be applied to railways "because we cannot expect to achieve the necessary co-operation between the railways except through centralized management which tends to reduce operation expenses, thus eliminating deficits."

Need More Business

Of course there are those who feel that more business will provide a way out of the dilemma. Thus E. J. Young, western free trader, says bluntly, "The only solution for our railway problem is more traffic. No reorganization, no amalgamation, no writing down will make an idle railroad pay." His universal panacea for this and other problems of public finance is freer trade and wider market for Canadian products.

"Then," says Rev. Dr. Inkster, of Toronto, on the same subject, "railways must be given to realize that they must spend more brains and money in getting freight and passengers, and not so much money on engine rolling stock, roadbeds, stations, steamboats and hotels." He urges that they study the survey made by E. W. Oliver, and even bring Mr. Oliver back from the United States. As to amalgamation, Dr. Inkster urges that the subject be reopened and thoroughly considered apart from politics.

Sir Edward Beatty's Views

And what does Sir Edward Beatty say?

He does not name the railway problem specifically in his views on Canada's next five years, but uses it to illustrate "that all the problems of this country will find their solution in a return to sane principles of government.

"The present condition," he says, "is contrary to the rules of thrift, fair dealing and that limitation of governmental activities which we mean when we say 'liberty.' It is an abuse of the power of the state to set up a great business institution which must largely depend for popular support on the cultivation of fear and prejudice against a public utility with a good record of honest public service.

Return to Sound Principles

"The railway problem will never be solved by the public of this country accepting the views of the president of the C. P. R. speaking on behalf of his own institution. It will be solved when leaders in every branch of public life point out to the people that the solution of the railway problem is necessary for the public interest, and in order that this country may be well governed. I believe the higher interest of the nation as a whole demands a return to proper principles of public administration in this case."

Public Honesty

And by the same token the witty, incisive mind of Stephen Leacock uses the railway problem to illustrate his point that "in Canada, as in every other modern democratic country filled with good resources and decent people, there is only one problem—that of public and civic honesty."

Mr. Leacock argues that if Canadians were as honest in public affairs as they are in an ordinary poker game, any one of its public problems could be solved in six months.

Granted this honesty, he would first close up every mile of road that didn't pay a return over operations and compensate the property owners and people along the line entitled to it. Then he would recapitalize the road, leaving for the C. N. R. only what the railway ought to be able to pay interest on, and having done this, he would appoint managers and say,

" 'Run the railway; if you can't pay operation costs and interest at a reasonable profit, you lose your jobs. The sole test of success is whether you succeed.' After a year or two, when the returns were there, I would amalgamate the two shows by making C. P. R. stock redeemable by the government."

He also feels that revolutionary methods are needed to attract passengers in traffic back to the railways, and a scrapping of much of the obsolete equipment, legislation and methods in which railways are now encased. "But the way," he says, "is blocked at every stage by interests and intrigue."

Cost Not Counted

Failure to realize the cost of our present dilemma is stressed again by Ross McMaster, who asks why it is "that many persist in the belief that substantial savings in the cost of railway transportation should be denied because it would seem to constitute a failure on the principle of government ownership?"

He urges that Canadians calmly ask themselves these questions: "What are we receiving in the country for the annual cost we are assuming? How much are we prepared to sacrifice for the ideal of public ownership? How long can we endure the strain of the continued deficits or in what other direction do we intend to make sufficient savings to justify the losses our present course involves?

"The total cost of railway services must come from the pockets of the people. Some reasonable solution of this pressing problem should be available without permitting it to be confused as a political question instead of an economic waste which cries aloud for correction."

More Help for Soo Line Recognized by C. P. R.

From Our Own Correspondent

MONTREAL.—Necessity for making further advances to the Minneapolis, St. Paul and Sault Ste. Marie Railway, known as the Soo Line, cannot be ignored in determining the dividend policy of the Canadian Pacific, Sir Edward Beatty told the shareholders at the company's annual meeting.

To date the company has appropriated $16 millions—$4 millions in each of the last four years — to cover advances to the Soo Line. It is impossible, says Sir Edward, to determine the amount that it may be necessary to write-off against these reserves. It is expected, however, that the amount will consist largely of adjustments in the costs of the equity stocks acquired prior to the time when the first of these appropriations was made.

A balance of $575,000 due the Railway Credit Corp. by the Soo Line will be paid off in 1936.

Guaranteed interest charges on the Soo securities, now amounting to $4,174,650 per annum will be reduced in 1938 when $2,681,320 per annum expire.

Though earnings of the Soo Line are expected to improve, the large maturities of bonds in 1938 create a very serious financial problem for the Line. This situation, Sir Edward told the shareholders, "is being carefully followed in order to protect the investment of your company and reduce the cash drain resulting from its guarantees."

The problems of the Soo Line are further complicated by the troubles of Wisconsin Central, whose line into Chicago is leased by the former. While the C. P. R. has no direct investment in the Wisconsin Central, the Soo Line leased the properties for a period of 99 years from April 1, 1909. A controversy has arisen as to whether the lease has been terminated, but this has not been finally settled. The Soo Line claims that no further obligation exists under this lease, but continues to guarantee interest on $5,816,000 of bonds of the Wisconsin Central.

MUNICIPAL HONOR ROLL
Town of Summerside, P.E.I.

To the town of Summerside, P.E.I., goes the honor of having the best record of tax collections in Canada.

Per capita tax arrears of the current levy at the end of 1935 were 21.2 cents, and total per capita tax arrears were $1.40. No other Canadian town or city of a population of over 2,000 can equal this excellent record.

Measuring tax collections as percentages of the levy, Summerside collected 97.7 per cent of its current levy in 1935, 96.9 per cent in 1934 and 96.4 per cent in 1933. Many Canadian municipalities are unable to report as good a percentage of collections even when receipts of arrears are taken into account.

In addition, its tax rate of 12 mills is one of the lowest in Canada. The same rate has been levied for the past 10 years. Net debenture debt at the end of 1935 amounted to only $274,000. A considerable portion of this consists of debentures issued by the town's electric light department which are not a charge upon the tax rate since the utility yields a substantial annual profit.

While the town increased its net debenture debt by $11,000 in 1935, it improved its position considerably. On current operations a surplus of $178 was reported, compared with a deficit of $2,234 in the previous year. At the end of the year there was a net cash balance of $4,664 as against a bank overdraft of $12,843 at the end of 1934.

Company Reports

Commercial Alcohols

Commercial Alcohols Ltd. reports net profits of $15,226 for the year ended March 31, 1936, as against $1,535 in the previous twelve months. This was transferred to profit and loss account, reducing the deficit from $68,835 to $53,226.

The company has outstanding $250,000 of 8 per cent cumulative preferred on which no dividends have been paid since October 1, 1928. In addition there are issued 100,000 shares of no par value common.

Commercial Alcohols is not interested in the beverage business, producing only pure and denatured alcohol as well as magnesium carbonate insulating material. Last year $16,103 was spent on capital account, largely to provide for additional production in the insulation department.

Consolidated Press

Consolidated Press Ltd. covered its first mortgage bond interest 1.04 times after depreciation in the year ended March 31, 1936, compared with 1.1 times in the preceding year. Counting loss on sale of capital assets, a small net loss was recorded for the year.

Consolidated Income and Surplus Account

	Year ended Mar. 31 1936 $	Year ended Mar. 30 1935 $
Net earnings*	77,627	79,977
Less: Depreciation	44,324	41,940
Debenture interest	32,033	34,519
Income tax reserve	......	350
Loss on sale of cap. assets, etc.	2,462	7,585
Net loss	1,192	4,417
Add: Prev. surplus	21,147	22,786
Disc. on deb. red.	467	2,778
Bal. carried forward	20,422	21,147

*Including income from investments of $13,134 in 1936; $15,291 in 1935.

Working Capital

	1936 $	1935 $
Current assets	441,543	459,608
Current liabilities	81,949	102,148
Working capital	359,594	357,460
Ratio	5.38—1	4.46—1

Economic Investment

Economic Investment Trust reports an increase of over 9 per cent in gross income for the year ended March 31, 1936. Earnings on the common shares were the equivalent of 98 cents a share compared with 75 cents a share in the preceding year. Dividends for the year were 87½ cents a share, compared with 62½ cents in 1934-35.

Income and Surplus Account
Years Ended March 31

	1936 $	1935 $
Divds., int. & other income rec.	100,755	92,035
Less: Rent. salaries, office & gen. exps.	8,664	7,883
Directors' fees	2,292	2,500
Interest, exch., etc.	786	1,296
Bond interest	47,475	47,476
Trustees', registrars & auditors' fees	1,930	1,992
Res. for income tax	798	854
Net profit	38,810	30,034
Less appropriations: Dividends	34,935	24,955
Surplus for year	3,875	5,079
Add: Prev. surplus	101,263	98,553
Less: Prior yr's. inc. tax	......	2,369
Add: Tax adj.	372	......
Bal. car. forward	105,510	101,263

Canadian Vickers

Canadian Vickers financial statement for the year ended February 29, 1936, shows a marked improvement in earnings over the previous twelve months. While revenue was not sufficient to cover depreciation and bond interest, it was more than enough to cover the latter charge. In 1935, income was less than bond interest.

The balance sheet shows an improvement in net working capital position. No change has been made in the amount of bonds outstanding.

Income and Surplus Account
Year Ended February 29

	1936 $	1935 $
Operating profit	252,483	......
Less: Exec. salaries	28,774	......
Net revenue	223,709	96,826
Other income	540	494
Total income	224,249	97,320
Less: Bond interest	150,390	150,390
Depreciation	190,477	191,065
Directors' fees	525	625
Trans. to reserve	30,000	......
Loss for year	147,143	244,760
Previous deficit	1,113,796	869,035
Deficit forward	1,260,939	1,113,769

Working Capital

	1936 $	1935 $
Current assets	†793,898	†744,550
Current liabilities	213,031	222,195
	580,867	522,355

†Including $270,000 due from subscribers to capital stock allotted; shown on books since 1930.

Maple Leaf Gardens

Maple Leaf Gardens, Toronto ice and sports arena, reports improved income and net profit for the year ended Oct. 31, 1935, from which the initial dividend of 35 cents a share on the preferred was paid. Contractors' notes and second mortgage have been retired, and $35,000 was paid off the first mortgage, reducing it to $680,000. Comparative figures follow:

Income and Surplus Account
Years Ended October 31

	1935 $	1934 $
Net oper. income	252,827	202,548
Less: Prov. amuse. & Ont. Athletic Comm. tax	88,479	72,696
Interest	45,705	49,704
Prov. for inc. taxes	9,918	3,034
Net income	108,725	77,114
Less: Depreciation	46,828	44,034
W/o prelim. exps., etc.	9,032	9,021
Prov. for amort. players' contracts	12,128	8,253
Net profit	40,737	15,806
Less: Pref. dividend	28,000	......
Surplus for year	12,737	15,806
Add: Prev. surplus	84,674	67,839
Adjustments	......	1,030
Less: Adjustments	1,262	......
Surplus forward	96,149	84,675

Working Capital

	1935 $	1934 $
Current assets	81,333	70,893
Current liabilities	69,090	53,793
Working capital	12,243	17,100
Ratio	1.18—1	1.32—1

Canadian Cottons

Canadian Cottons' financial statement for the year ended March 31, 1936, shows relatively little change in net earning power, but features an apparently exceptionally heavy writeoff for depreciation. This latter charge is reflected in an improvement in cash position and investments.

Net revenue available for bond interest and other charges in the past year was $294,977, as against $341,040. Operating profit showed a small increase, but investment income dropped from $190,753 to $87,868. After all charges there was deficit of $131,954, compared with $176,331 in 1935.

The balance sheet features an increase in investments from $1.8 million to $2.7 millions and the retirement of nearly $1.6 million of treasury bonds shown in the 1935 report. Inventories were down nearly $300,000 but current accounts payable increased over $400,000 to $1,151,780. Reserves are up $400,000 at $5.5 millions.

Income and Surplus Account
Year Ended March 31

	1936 $	1935 $
Gross oper. profit	1,060,266	......
Investment income	87,868	......
Total income	1,148,134	......
Less: Depreciation and bad debts	800,000	......
Legal fees	837	......
Exec. salaries	52,300	......
Net revenue	294,977	†341,040
Less: Bond interest	20,670	*81,491
Directors' fees	7,950	7,570
Pension fund	30,000	70,000
Tax reserve	40,000	30,000
Net profit	196,357	151,979
Less: Preferred divds.	219,690	219,690
Common divds.	108,620	108,620
Loss for year	131,953	176,331
Less sundry profit	26,457	200,009
Previous surplus	2,085,180	1,959,614
Surplus forward	1,979,684	2,065,178

*Includes $190,753 from investments.

Working Capital

	1936 $	1935 $
Current assets	5,545,165	4,881,177
Current liabilities	1,257,640	840,706
Working capital	4,287,525	4,040,471

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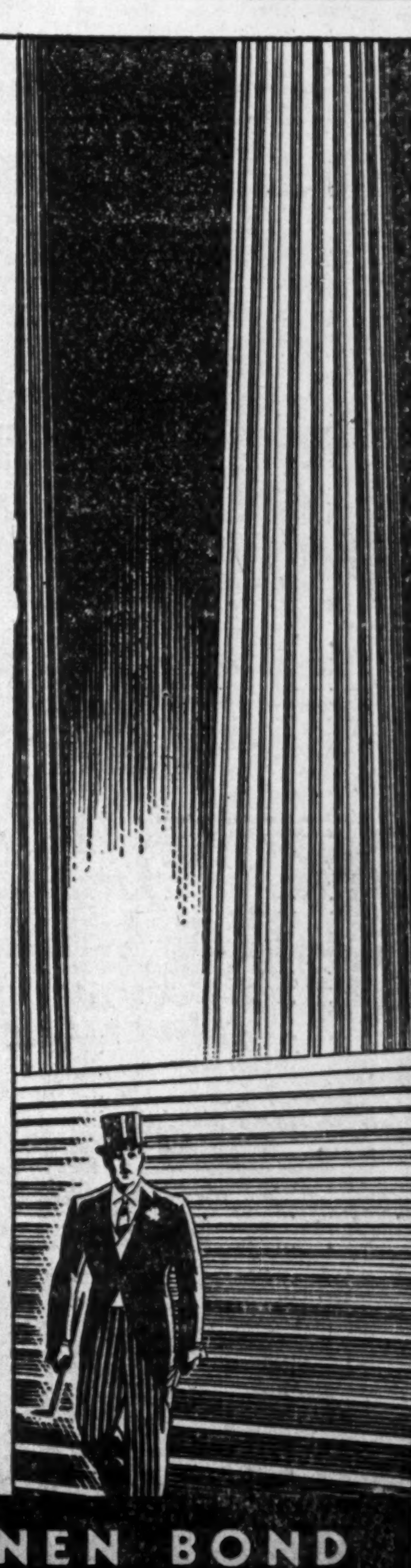

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STOCK AND BOND MARKET QUOTATIONS

This table is confined to official prices for listed stocks. Where no recent transaction has taken place on stock exchanges, the latest available bid and asked quotations are given to indicate the current level of prices. For unlisted stocks, for which transactions are not officially recorded, bid and asked quotations by unlisted dealers are published under "Unlisted Stocks" on this page.

Montreal, Toronto, Curb

WEEK ENDING MAY 18

Range 1936 High	Low	Div R'te $	May16 Y'ld %		Sales	Last May 11	Week end. May 18 H	L	Cl'se
				A					
2.50	1.25	.	...	Abitibi	1085	1.45	1.65	1.50	1.55
13	6¾	.	...	Do. pref. 6%	265	8	8¾	8	8½
12½	6¾	.	...	Do. cert. dep.	51	8	8	7¾	8
4½	4½	.	...	Acadia Sugar	....	(4 bid — asked)			
15	15	.	...	Acme Glove, n.	5	15	15	15	15
95	95	.	...	Do. pref.	2	95	95	95	95
10	8	40c	5	Agnew Surp.	110	8	8	8	8
107	104	7	6.7	Do. pref.	30	104¾	104¾	104½	104¾
6	4	.	...	Alta. Pac. Gr.	71	4½	4½	4½	4½
39	25	.	...	Do. pref.	....	(27 bid 29½ asked)			
3	2	.	...	Amal. Electric	....	(3 bid — asked)			
23	14	.	...	Do. pref.	20	19	15	15	15
40½	29¾	15c	...	Amer. Cyn. B.	....	(34 bid — asked)			
54½	51¾	3.50	6.6	Ang. C. Tel. p.	5	53	53	53	53
30	17½	.	...	Asbestos v. t.	362	29	28	27	28
15	9½	15c	...	Assoc. Brew.	121	10	10½	10	10
110	104	7	6.6	Do. pref.	5	104	106	106	106
35	34	.	...	Assoc. T. & T. p	....	(7 bid — asked)			
106	105½	7	6.6	At'an. Sugar, p	....	(105 bid — asked)			
				B					
58	51½	2.25	3.9	Bank of Canada	94	57½	57½	57	57
140	133	8	5.8	Bk. Can. Nat.	40	138	139	138	138
214	182½	8	4	Bk. Montreal	170	190½	198	192	198
300	271	12	4.2	Bk. N. Scotia	69	283	288	285	287
235	225	10	4.3	Bk. Toronto	4	230	230	230	230
13½	11	50c	...	Barcelona	....	(7½ bid 10½ asked)			
17¾	10½	.	...	Bathurst Pr.	3295	14½	14½	13¾	14
5¾	3	.	...	Do. (B)	450	3½	3¾	3	3¾
				Bawlf Grain	....	(2 bid 3 asked)			

Government Bonds

(Furnished by Toronto Bond Traders' Assoc.)
May 20, 1936

Dominion of Canada Bonds

		Bid May 20	Asked May 20	Approx. Yield	Bid May 13
Dominion . 2	15 Oct. 1936	100.20	100.60	.50	100.20
Dominion . 5	15 Nov. 1936	101.60	102.00	.80	101.65
†‡Dominion . 5	1 Mar. 1937	103.50	104.00	...	103.25
‡Dominion . 5½	1 Dec. 1937	107.35	107.70	.41	107.50
Dominion . 2½	15 Oct. 1939	103.00	103.50	1.44	103.00
Dominion . 4	15 Oct. 1939	107.85	108.35	1.49	107.75
Dominion . 2	15 Nov. 1939	101.50	102.00	1.40	101.50
Dominion . 4½	1 Sept. 1940	110.15	110.65	1.89	110.50
Dominion . 5	15 Nov. 1941	113.30	113.80	2.31	113.50
Dominion . 3	15 Oct. 1942	104.75	105.25	2.12	105.00
Dominion . 2½	1 June 1943	102.50	103.00	2.04	102.65
Dominion . 5	15 Oct. 1943	114.30	114.80	2.78	114.50
Dominion . 4½	15 Oct. 1944	112.50	113.00	2.76	112.50
■Dominion . 2½	15 Aug. '43-45	98.65	99.15	2.60	98.50
Dominion . 4	15 Oct. '43-45	108.50	109.00	2.65▲	108.65
Dominion . 4½	1 Feb. 1946	112.50	113.00	2.97	112.50
Dominion . 3½	15 Oct. '44-49	103.80	104.30	2.92▲	103.85
Dominion . 4	15 Oct. '47-52	107.25	107.75	3.19▲	107.60
Dominion . 3	1 June '50-55	98.65	99.05	3.06	99.10
Dominion . 4½	1 Nov. '46-56	109.85	110.35	3.32▲	110.10
Dominion . 4½	1 Nov. '47-57	109.85	110.35	3.40▲	110.10
Dominion . 4½	1 Nov. '48-58	110.00	110.50	3.46▲	110.30
Dominion . 4½	1 Nov. '49-59	110.15	110.65	3.50▲	110.50
■Dominion . 3¼	15 Jan. '56-61	100.80	101.35	3.16▲	101.00

Dominion Guaranteed Bonds

		Bid	Asked	Yield	Bid May 13
•G. T. P. Ry. 3	1 Jan. 1962	99.25	100.25	2.98	99.50
Can. N. Ry. 3	1 May 1944	103.00	104.00	2.45	103.00
Can. N. Ry. 3	15 Dec. '45-50	98.50	99.50	3.04	99.00
Can. N. Ry. 3	15 Feb. '48-53	97.75	98.75	3.09	98.00
•Can. N. Ry. 4½	1 Sept. 1951	113.75	114.50	3.30	113.75
•Can. N. Ry. 4½	1 Feb. 1956	114.00	114.75	3.47	114.00
†Can. N. Ry. 4½	1 July 1957	111.25	112.25	3.66	111.50
•Can. N. Ry. 4¾	15 June 1955	116.50	117.50	3.50	116.25
Can. N. Ry. 5	1 Feb. 1954	116.00	117.00	3.70	116.25
•Can. N. Ry. 5	1 July 1969	116.75	117.50	3.09▲	116.75
•Can. N. Ry. 5	1 Oct. 1969	118.50	119.50	3.46▲	118.25
•M. Harb. C. 5	1 Nov. 1969	119.00	120.00	3.43▲	118.50

Provincial Government Bonds

		Bid	Asked	Yield	Bid May 13
Eastern—					
N. Bruns. .. 4	1 Sept. 1954	104.50	105.50	3.59	104.25
†N. Bruns. .. 4½	15 Apr. 1961	109.25	110.25	3.86	109.25
†N. Bruns. .. 5	15 Jan. 1960	114.50	115.50	3.96	114.50
N. Scotia .. 3	2 Sept. 1945	99.50	100.50	2.94	99.25
N. Scotia .. 4½	15 May 1943	108.00	109.00	3.06	108.00
†N. Scotia .. 4½	15 Sept. '47-52	109.75	110.75	3.36▲	109.75
†N. Scotia .. 4½	1 Mar. 1960	116.00	117.00	3.90	115.75
†N. Scotia .. 5	1 June 1962	105.00	106.00	3.64	104.50
•Ontario ... 4	1 Sept. 1944	110.50	111.50	2.95	110.50
•Ontario ... 4½	1 June 1950	109.00	110.00	3.58	109.50
•Ontario ... 4½	15 Jan. 1962	109.50	111.00	3.83	110.00
Ontario ... 5	15 Oct. 1948	112.00	113.00	3.69	112.00
•Ontario ... 5	2 Dec. 1960	117.00	118.25	3.88	117.50
Ontario ... 5½	1 July 1946	114.50	115.50	3.70	114.75
O. H. C. 3½-4-5	1 Oct. '33-52	101.75	102.75	4.22•	101.75
Ont. Hyd. C. 4¾	1 Jan. 1970	111.50	112.50	4.07	111.50
P. E. I. 3	1 Oct. 1945	99.00	100.00	3.00	99.00
Quebec 4	15 Mar. 1952	107.25	108.25	3.33	107.25
Quebec 4¼	1 Aug. 1958	110.00	111.00	3.53	111.00
Quebec 4½	2 Jan. 1963	112.00	113.00	3.73	112.00
Western—					
Alberta ... 4	15 Dec. '49-54	72.00	75.00	6.35	74.00
†Alberta ... 4	1 Dec. 1957	73.00	76.00	5.97	74.00
Alberta ... 4½	1 Oct. 1951	80.00	82.00	6.34	81.00
†Alberta ... 4½	1 Oct. 1956	76.50	78.00	6.45	77.00
†Alberta ... 5	1 Jan. 1948	79.00	81.00	7.42	78.00
Alberta ... 5	1 Sept. 1955	77.00	80.00	6.87	76.00
•Alberta ... 5	1 Oct. 1959	78.00	80.00	6.70	77.00
†Alberta ... 5½	1 Jan. 1947	81.00	83.00	7.83	80.00
Alberta ... 6	1 Mar. 1947	79.00	82.00	8.55	80.00
†Brit. Col. .. 4	1 Dec. 1957	89.00	91.00	4.66	90.00
•Brit. Col. .. 4½	15 Jan. 1951	94.00	96.00	4.88	94.50
†Brit. Col. .. 4½	1 Oct. 1953	93.50	95.50	4.89	93.00
†Brit. Col. .. 5	15 Jan. 1948	96.00	97.50	5.28	98.50
Brit. Col. .. 5	1 Sept. 1953	95.00	96.00	5.35	95.00
Brit. Col. .. 5½	1 Feb. 1945	95.50	97.00	5.93	96.00
Brit. Col. .. 6	15 Feb. 1947	96.50	98.00	6.25	97.00
Manitoba .. 4	2 Jan. 1950	97.00	99.00	4.09	98.00
†Manitoba .. 4	1 Dec. 1957	98.50	100.00	4.00	98.00
†Manitoba .. 4½	15 Dec. 1956	100.50	101.50	4.38	100.50
†Manitoba .. 5	15 June 1954	103.50	105.00	4.59	105.00
•Manitoba .. 5	2 Dec. 1959	106.00	107.50	4.48	107.00
Manitoba .. 5½	1 Oct. 1955	104.50	106.00	5.01	105.00
Manitoba .. 6	1 Apr. 1947	106.00	107.00	5.16	106.00
Sask. 4	15 Aug. 1953	86.00	87.00	5.14	85.50
Sask. 4	1 Nov. '55-60	85.00	86.50	4.96	85.00
•Sask. 4½	2 July 1945	96.00	97.50	4.84	95.00
†Sask. 4½	1 Oct. 1951	93.25	94.25	5.04	93.50
†Sask. 4½	15 Mar. 1960	92.00	93.50	4.97	92.00
Sask. 5	1 Aug. 1958	95.50	96.50	5.29	96.00
†Sask. 5½	15 Nov. 1946	98.00	100.00	5.50	98.50
Sask. 5½	1 Oct. 1952	98.00	100.00	5.50	98.50
Sask. 6	15 Mar. 1952	100.00	102.00	5.80	100.50

Municipal Bonds

		Bid	Asked	Yield	Bid May 13
†Calgary ... 5½	2 June 1944	....	80.00	9.00	....
†Edmonton . 5½	1 Nov. 1945	78.00	83.00	8.12	80.00
†Halifax ... 5	1 July 1961	112.00	113.00	4.17	112.50
Hamilton .. 5	1 May 1950	108.75	110.75	3.98	108.75
Montreal .. 5	1 Mar. 1945	104.50	105.50	4.24	104.00
Ottawa 4½	1 July 1945	108.00	110.00	3.21	107.00
†Quebec 5	1 June 1959	107.00	108.00	4.44	106.00
Regina 5	1 July 1944	80.00	85.00	7.49	80.00
St. John ... 5	15 Dec. 1950	108.00	109.00	4.19	107.50
†Toronto ... 4½	1 Jan. 1955	109.00	111.00	3.68	109.00
Vancouver . 5	1 June 1969	79.00	85.00	6.05	79.00
Victoria ... 5	21 July 1945	86.00	90.00	6.53	86.00
Winnipeg .. 5	1 Mar. 1944	102.00	104.00	3.39	102.00

•Payable Can., N.Y. & £. ▲Calculated to call date giving lowest possible yield. †Payable Can. & N.Y. •Calculated to maturity although callable prior to that date. ‡Exempt from Dominion income tax. ■Payable in N.Y.

Mining Stock Quotations

WEEK ENDED MAY 18, 1936

Corporation Bonds

(Furnished by Toronto Bond Traders' Association)

May 19, 1936

Public Utility Issues:	Int. Rate %	Due	Bid May 19	Asked	Bid May 12
‡Avalon 'Phone.	5½	'48	101	...	101
Beauharnois ..	5½	'73	81½	84½	82
Do.	5	'73	26½	29½	26
•Bell T'phone ..	5	'55	114½	117½	114
•Do.	5	'57	119	122	119
†B. C. Power ..	5	'60	103	106	103½
†Do.	5½	'60	105	108	105
†B. C. T'phone .	5	'60	105½	108½	105½
†Calgary Pwr...	5	'60	98	99	98½
Do.	5	'64	93	96	93½
†Can. Nor. Pr. .	5	'53	103½	106	103½
Dom. Gas	6½	'45	90	93	89
§Duke-Price Pr.	6	'66	105	106	105
•Gatineau Pwr.	5	'56	97½	100	97
•Do., A	6	'41	89½	92½	89
•Do., B	6	'41	89	92	88
•Int'l. Hydro ..	6	'44	40	43	41
†Maclaren-Que..	5½	'61	81	84	81½
Do.	5½	'64	80	83	80
•Manitoba Pwr.	5½	'51	80	83	81
†Mtl. Island Pr..	5½	'37	103½	106½	103½
†Mont'l. Tram..	5	'55	84½	87½	83½
†Do.	5	'41	101½	104½	101½
Nat'l. L. & P..	6	'49	95½	98½	95½
†N.S. L. & Pr..	5	'58	105	108	105
†Ottawa Light .	5	'57	106½	109	106½
†Ottawa Val. Pr.	5½	'70	78	81	77½
†Power Corp. ..	4½	'59	95	98	95
•Quebec Pwr. ..	5	'68	104	107	104
†Shawinigan ...	4½	'70	103	105	102
†S. Canada Pr..	5	'55	105½	108½	105
†United Secs. ..	5½	'52	82½	85½	83½
•Winnipeg Elec.	6	'54	82	85	82½
Industrial and Realty Issues:					
Abitibi Pwr. ..	5	'53	44	47	43½
†Acadia Sugar..	4½	'55	100	103	99½
†Alta. P. Grain.	6	'46	98	101	98
‡Asbestos Corp..	5	'42	102½	...	102½
B. A. Oil	4	'45	104	106	104
Can. Biscuit ..	6½	'46	22½	25½	23
Canada Bread.	6	'41	108½	111½	108½
†Can. Cement ..	5½	'47	105½	108	105½
†Can. Paper ...	6	'45	102½	...	102½
‡Can. Ss. Lines	5	'43	102½	...	102½
Do.	6	'41	58½	61½	58½
†Can. Canners .	6	'50	105	106	105
•Can. Int. Pap..	6	'49	84½	87½	82
C. P. R.	4½	'44	100	103	100
Do.	3½	'51	95	98	95
Do.	4	'49	103½	106	103½
Can. Rail & H.	6½	'51	62	65	60½
†Can. Vickers ..	6	'47	88½	91½	88½
Cons. Paper ..	5½	'61	32	35	29
†Dom. Canners.	6	'40	113½	115	113½
†Dominion Tar.	6	'49	104½	107	104½
†Donnacona P..	5½	'48	67½	70½	68
†East. Dairies ..	6	'49	84½	87½	83½
†Fam. Players .	6	'48	105	106	105
†Do.	6½	'48	105	106	105
†Federal Grain.	6	'49	99½	102½	99½
Fraser Cos.• ..	6	'50	109½	112½	109
†G. Steel Wares	6	'52	100	103	100
Gt. Lakes Pap.	6	'50	51	54	49
†Gypsum, Lime.	5½	'48	95½	98½	96
Ham. Cottons.	5½	'48	102	105	102
•Hinde & Dauch	5½	'48	102½	105½	102½
Inter City Bak.	5½	'48	103	...	103
Inter-City W. Bakeries	6½	'50	32	35	32
Kingston Elev.	6	'50	96	99	95½
Lake St. John P. & Pa.	6½	'47	95	98	94½
†Lon. Can. Inv..	4½	'48	89	93	89
London Rlty •	6	'50	95	100	95
†Massey-Harris.	5	'47	89½	92½	89½
McColl-Front..	6	'49	104½	107	104½
†Mercury Mills.	5½	'53	63	67	64½
Met Building .	7	'44	100	...	100
M. & O. Paper	6	'45	31	34	29
Mtl. Dry Docks	6	'48	80	83	81
N. Ont. Bldg. .	6½	'39	96	99	96
Ontario Bldg..	6½	'43	30	33	30
Price Bros. bds.	6	'43	124½	126½	124½
•Prov. Paper ...	5½	'47	101½	104½	101½
Queen's Hotel.	6	'47	94	98	93
•Reliance Gr. ..	6	'48	103	106	103
Rich. B. Bldg..	6½	'47	98	101	98
‡Riordon Pulp .	6	'42	104½	...	104½
Ritchie Cut Stone	6½	'48	95	...	95
†Rolland Paper.	5½	'48	104½	107½	104½
Ruddy & Co...	6½	'48	99	102	99
†Simpsons Ltd..	6	'49	104½	107½	104½
†Smith, How'd..	5½	'53	104½	107	104
‡Steel of Can. ..	6	'40	113	...	113
United Corpns.	5	'53	94	97	93½
United Grain..	5	'48	98	101	98
Do.	5½	'49	102	105	102
Zimmerknit ..	6	'51	99½	...	98

‡Payable in Canada or U. K. †Payable in Can., U. S., or U. K. §Payable in U. S. only. •Payable in Can. or U. S. •Unstamped.

Unlisted Mines

May 19, 1936

	Bid	Asked
Albany River	.59	.61
Ardeen	.23	.26
Arno	.07½	.09
Athabaska	.22	.24
Athona (Gt. B. L.)	.50	.56
Bailor	.05¾	.06½
Bidgood Kirkland	1.83	1.89
Bankfield Gold	.74	.77
Big Master	.41	.44
Blue Star	.40	.44
Bosquet Gold	.15	.16½
Callinan	.10	.12
Can. Kirkland	.04	.05
Canusa Mining (new)	.55	.60
Capital Rouyn, new	.18	.20
Casey Contact	.5½	.06½
Casey Summit	.30	.33
Central Porcupine	.36	.39
Chromium	2.25	2.35
Columario	.06½	.07½
Cuniptau	.47	.49
Dunlop, new	.12	.14
Dorval Siscoe	.43	.45
El Bonanza	.09	.10
East Malartic	.46	.48
Frontier R. Lake	.15	.17
Gilbec	.08	.09
Gillies Lake	.62	.65
Glenora	.32	.34
Gold Eagle	.80	.84
Goldside	.16	.17
Gordon Lebel	.37	.39
Golden Rose	1.50	1.60
Horseshoe	.08	.09
Hudson Patricia	.31	.34
Hutchison Lake	.12	.15
Jellicoe	.23	.25
Johnson Nipigon	.06½	.07½
Kaw Crow	.35	.37
Kenogamisis	.19	.21
King Kirkland	.09	.10
Lafayette L. Lac	.06	.07
Lamaque Gold	3.60	..
Leitch Gold	.69	.72
Long Lac Lagoon	.19	.22
Manitoba Basin	.07	.08
Madsen Red L.	.43	.45
Magnet Lake	.13	.15
Matchewan Can.	.14	.16
May Spiers	.32	.34
McCarthy Webb	.23	.25
Mosher	.60	.63
Moffatt Hall	.10½	.12
Moffatt Hall (new)	.46	.48
Murmac	.12	.13
North Shores	.04	.05
Norlake	..	.27
Oklend	.53	.56
O'Leary	.09	.11
Opemiska Copper	1.60	1.70
Opemiska Mines	.14	.16
Oriole	.07½	.08½
Porc. G. R.	..	.06
Proprietary M.	.50	.55
Queen Lebel	.14	.15
Rice Lake	.08	.10
Sand River	.37	.40
Skookum	.25	.27
Smelter Gold	.11	.13
South Keora	..	.10
Springer	.11	.13
Straw Lake	.16	.18
Sturgeon R. Gold	.56	.60
Wells Long Lac	.11	.13
Wendigo	.20	.22
W. Red Lake	.05	.06
West Side L.	.16	.17
Winoga	.42	.45
Young Davidson	.24	.26
Young Shannon	.19	.21

Silver Prices

Trading in Montreal
May 11 to May 16

	High	Low	Close	Contracts
May	46.43	45.32	45.45	6
July	46.25	45.65	45.60	9
Dec.	47.70	47.70	45.90	1
Mar.	47.45	47.35	46.50	2

Listed Bonds

Week Ended May 18, 1936

	Int. rate	Due	High	Low	Range 1936 High	Range 1936 Low
Mtl. L. H. & P. Debs.	3	'39	51	50½	51	50
Unlisted:						
Cons. Paper	5½	'61	33	—	34½	30½

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co, Toronto)

May 19, 1936

	Bid	Asked
Industrial Stocks:		
Acadia Sugar, c.	4.00	4.38
Do., pfd.	4.50	5.06
Acme Farmers Dairy, pfd.	37.50	40.00
Algoma Steel New, c.	...	48.00
Do., new, pfd.	...	83.00
Andian National	48.25	50.00
Assoc. Tel. & Tel., pfd.	38.00	42.00
B. C. Pulp & Paper, c.	.50	1.20
Do., pfd.	6.50	8.00
Burns & Co., A	9.00	...
Do., B	5.00	6.00
Canada Starch, pfd.	90.50	93.00
Canada Tea, pfd.	35.00	...
Can. Tube, 1st pfd.	47.00	...
Can. Wire & Cable, pfd.	99.50	102.50
Can. Industries, A, com.	220.00	...
Do., B, com.	223.00	...
Do., pfd.	137.00	160.00
Can. Ingersoll Rand	...	118.00
Can. Westinghouse	...	62.00
Chase, A. W., pfd. bonus	25.00	27.00
Conduits Nat., new, com.	2.80	3.35
Dom. Found. & St., c. (new)	34.00	...
Do., pfd. (new)	85.00	90.00
Dom. Rubber, pref.	98.50	101.00
Dunlop Tire, pfd.	66.00	...
East. Dairies, pfd.	11.50	13.50
Edm. City Dairy, pfd.	60.50	...
Federal Grain, com.	2.00	3.25
Do., pfd.	50.00	55.00
Goderich Elevator	9.00	...
Greening Wire, pfd.	104.00	106.50
Guelph Carpet, pfd.	104.50	106.25
Do., com.	16.00	18.00
Highland Dairy, com.	2.35	3.00
Do., pfd.	73.00	79.00
Inter City Baking, com.	22.00	26.00
McLaren Power, com.	10.00	11.50
Ont. Tobacco Plant., pfd.	30.00	34.00
New Meth. Laund. p. bonus	76.00	80.00
Provincial Paper, pfd.	98.00	100.50
Reliance Grain, pfd.	85.50	88.00
Rob. Consol. Cone	8.75	9.50
Ruddy, E. L., pfd.	40.50	...
Silverwood's Dairies, pfd.	41.00	...
Std. Fuel, pfd. bonus	105.50	108.00
Supertest Pet., B, pfd.	27.00	29.00
Toronto Carpet, pfd.	38.00	...
Toronto Housing	...	12.00
United Steel, A, pfd.	5.25	6.00
Western Grain, pfd. bonus	17.00	18.00
Willards Choc., pfd.	12.00	...
Trust & Loan Stocks:		
Chartered Trust	80.50	83.50
Guelph Ont. Inv. Sav.	46.00	51.00
London & West. Trust	53.00	...
Sterling Trust	36.00	...
Traders Fin. B, pfd. bonus	80.00	...
Trusts & Guarantee	37.50	41.00
Insurance Stocks:		
British America	42.00	44.50
Canada Life	530.00	...
Canadian Fire	77.00	82.00
Can. Ins. Shares	12.00	14.00
Confed. Life, 20% pd.	116.00	121.00
Cont. Life, 20% pd.	36.00	40.00
Crown Life	105.00	...
Dominion Fire	115.00	...
Dominion Life, 50% pd.	250.00	290.00
Dom. of Can. Gen.	115.00	121.00
Empire Life, 25% pd.	7.00	8.50
Excelsior Life, 30% pd.	68.00	72.50
Federal Fire, 25% pd.	39.00	...
Fidelity Ins. of Can.	46.00	51.00
Great West Life	385.00	398.00
Guar. of N. A. fully pd.	245.00	...
Halifax Fire	21.00	23.00
Imperial Life	330.00	...
Manufacturers Life	260.00	268.00
Monarch Life, 10% pd.	19.00	21.00
National Life, 25% pd.	...	50.00
Sovereign Life, 25% pd.	15.00	19.00
Sun Life	450.00	500.00
Toronto Gen. Ins.	4.50	5.30
Western Assur., com.	43.00	46.00
Do., pfd.	39.00	42.00
Theatre Stocks:		
Allens Beach, pfd.	57.00	62.00
Do., Calgary, com.	5.00	7.00
Do., Kingston, pfd.	60.00	...
Do., Parkdale, pfd.	46.00	50.00
Do., Toronto, p. bon. com.	28.00	32.00
East. Theatres, com.	3.50	5.00
Do., pfd.	74.00	80.00
Loew's London, pfd.	2.50	3.50
Do., Toronto, pfd.	111.00	115.00
Mansfield Theatre, pfd.	29.00	...
Paramount Kitchener, pfd.	41.00	...
Do., Oshawa, pfd.	85.00	94.00
United Amusement, A	...	20.00
Do., B	16.00	17.50
Investment Trust Shares:		
Can. Gen. Invest.	7.70	8.05
Can. Investors	6.50	8.00
Can. Int. Inv. Trust Units	56.00	...
Cons. Div. Std. Sec. Units	13.00	15.00
Debenture & Sec., pfd.	50.00	...
Dom. Scott. Inv. Units	32.00	35.00
For. Power Sec., pfd.	13.00	13.50
Invest. Found. Units	50.00	53.00
Sec. Hold. Corp. Units	21.00	23.00
United Corpns., A	22.00	24.00
Do., B	8.50	10.00
Power Issues:		
Calgary Power, pfd.	75.00	79.00
Can. Light & Power, com.	...	23.00
Can. Pub. Service, pfd.	22.00	26.00
Can. West. Nat. Gas, pfd.	95.00	...
Do., com.	23.00	25.00
Great Lakes Pwr., pfd.	87.00	92.00
Inter. Util. 7.00 pfd.	80.00	...
Nor. Ont. Power, pfd.	99.00	102.00
Nova Scotia L&P, pfd.	99.00	103.00

Mining Dividends

	Rate	Close May 18	Yield %
Anglo-Huronian	20c	5.30	..
Beattie Gold	†5c	1.40	..
Bralorne	10+5	7.20	..
Buff. Ankerite	20c	6.65	3
Bulolo Gold	2.60	33.00	8
Cariboo	10c	1.39	7.2
Coniagas†	12½c	3.10	..
Dome Mines	$2+$2	57.25	6.9*
Falconbridge	30c	8.20	3.8
Hollinger	65c+25c	15.12	6
Howey Gold	5c	.74¾	..
Hudson Bay	$1	27.00	..
Int. Coal & Coke‡	1c	.20	..
Inter. Mining	60c	11.00	5.4
Int. Nickel, c.	$1.20	47.25	2.5
Kirk. Lake‡	3c	.42	..
Lake Shore	$4+$2	57.50	10.4*
Macassa	15c	3.98	..
McIntyre	$2	44.50	4.5
McKenzie R. Lake	†3c	1.60	..
McKinley Sec.	2½c	.62	..
McWatters Gold†	5c	1.27	..
Nipissing	25c	2.54	..
Nor. Can. Mining	2c	.44	..
Noranda	$2	54.50	3.7
Pickle Crow†	5c	6.05	..
Premier	12c+1c	2.41	5.4*
Pioneer, B.C.	80c	9.50	8.4
Reno	12c	1.25	9.6
San Antonio	21c	2.35	9
Siscoe	20c	3.43	5.9
So. Amer. Gold	30c	5.50	5.4
Sylvanite	20c	2.60	7.7
Teck-Hughes	40c	4.65	8.6
Toburn	8c	1.33	6
Ventures	†2½c	1.98	..
Wright-Har.	40c+20c	8.10	7.4*

‡Interim. †Initial. *Yield includes bonus.

Winnipeg Stocks

(Transactions from May 11 to May 16)

	Sales	High for period	Low for period	Close May 16
Bailor Syn.	75	.50	.50	.50
Bailor Gold	31,550	.06½	.05	.05
Cres. Cream.	1	35	35	35
City Dairy, A	15	6	6	6
Flin Flon	17,400	.24	.21	.22
Home Invest.	5	25	25	25
Gold Lake	11,400	.54	.48	.48
Gurney Gold	1,400	.66	.65	.65
Cons. Goldfields	14,830	.10	.08½	.10
Gt. Falls M. & S.	3,000	.10	.10	.10
Island Lake	12,650	.05	.03½	.04
Knee Lake	4,000	.04	.04	.04
Kingfisher	9,300	.02½	.02½	.02½
North. Mtge.	10	2	2	2
Marvel Oils	2,600	.06	.04	.04
North Sh. Gold.	1,000	.04½	.04½	.04½
Oxford Mines	130	.25	.25	.25
Optic Lake	295	2	1.85	2
Ore Grande	32,700	.12	.08	.11
Packsack	800	.18	.18	.18
Rice Lake	10,800	.12	.09½	.09½
Rice L. Units	16	6	5	5
Scattergood	1,500	.06	.03	.03
Scotia	8,700	.08	.05	.07
United Grain	4	13	13	13
Wingold	12,980	.08	.06	.06½
Wylie Dom.	8,900	.63	.55	.55
Wallace Lake	57,365	.07½	.03	.03
West. Steel, pf.	5	6	6	6
Vanson Man.	3,950	.03½	.03	.03½

Stocks Not Traded in During Week

	Bid	Ask.
Beaver Fire Ins.	..	100
Can. Indemnity	131	..
Comm. Securities	..	10
Home Invest.	24	..
Northern Trust	8	9½
Pelissiers, c.	..	10
Pelissiers, pref.	25	30
Traders Bldg.	71	..
West. Brew.	..	1.90

*Stocks more active on other exchanges not included.

Week in Wheat

Improving U. S. Crops Dull Wheat Demand

Shipments and Prices Drift Lower — Lake Commitments Fall in Anticipation of Still Lower Rates

From Our Own Correspondent

WINNIPEG.—The wheat market has been dull during the past week, with prices following the lead of Chicago to lower levels. Increasing optimism in the United States as to the outcome of this year's wheat crop has been one of the principal factors for weakness of all world markets.

Although Canada once more had a substantial week's shipment and the total was well above the figure for the corresponding week last year, it was a million and a half bushels below that of the previous week. Canada had well over half the total of world shipments but fell short of the two-thirds of the previous week. Australia put more than 2.3 million bushels afloat. A substantial portion of this was for non-European destination but there is little hope now that the total of Oriental takings will not fall well below last year.

Although wheat continues to move forward from terminal and to country elevators mainly under instructions from the Wheat Board, and substantial quantities have been shipped down the lakes since navigation opened, commitments for further lake shipments have not been heavy during the past week. Supplies of wheat in eastern positions are so heavy that exporters feel no great pressure to add to them. In addition there is a feeling that lake freight rates, which have already broken below the six-cent basis to Montreal, may fall further. Lake vessel owners on the other hand, while conceding a five-cent basis on some business, are hoping to restore the higher rates, encouraged by reports that ocean bookings out of Montreal have been picking up.

Off to Great Britain

THE visit to England of George McIvor, assistant chairman of the Wheat Board, is announced as being of a holiday nature. But an official angle is given to it by the fact that the announcement was made by Jas. Murray, head of the Wheat Board, and also by the fact that Mr. McIvor is to be accompanied by Dr. W. F. Geddes, chief chemist to the Board of Grain Commissioners.

Any visits of an official nature from this side to millers in Great Britain have to be watched with a certain degree of care to prevent creating misunderstandings on the part of the British Grain Trade. A great deal of resentment developed in that trade due to the former efforts of the Canadian pool to set up direct relationship with the mills instead of dealing through grain merchants. The former pool office in Great Britain was closed by John I. McFarland as soon as he assumed control of the pool's operations in 1931, and there has been no thought on the part of any one since of attempting to do business except through the regular mercantile channels.

* * *

July-October Spreading

A FAIR amount of spreading between July and October has been evident in the market. It is taken for granted that the Wheat Board is putting forward to the more distant months some of its commitments to buy wheat. Elevator and exporting interests, with wheat on hand which they expect to carry beyond July are in the market on the other side, whenever they are satisfied that conditions are favorable. It is believed the Wheat Board intends to conduct through the market all the switching it will require, and that the holders of wheat can not count on the Board to arrange spreading operations with them privately, as was formerly the custom, both with the Wheat Board and when the Canadian Co-operative Wheat Producers Ltd. was acting as the government agency.

* * *

U. S. Winter Wheat

WIDE divergence continues between different estimates of probable production of United States winter wheat. Some observers stress the extent to which rain has fallen in winter wheat states since May 1, conditions on which date formed the basis of the U. S. government forecast of 463 million bushels. Others stress the extent to which acreage had been definitely abandoned by that time, and the extent of damage done which probably cannot be repaired by later improvement in crop conditions. The market is probably discounting an expected production greater by from 40 to 50 million bushels than the government estimate.

* * *

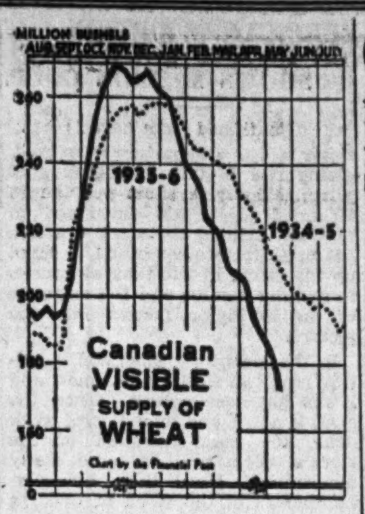
What Will U. S. Export?

ON THE other hand such an eminent wheat authority as Dr. Alonzo Taylor of Stanford University's Food Research Institute told The Financial Post in Detroit last week that present conditions pointed to little likelihood of big United States wheat exports this year. He believed the surplus above domestic consumption would not amount to more than about 50 million bushels and this would largely consist of soft wheat. It would probably be exported in such a way as not to interfere with domestic prices in United States and would be partially offset by small importations of hard spring wheat from Canada. Last year's total wheat production in United States amounted to 520 million bushels. Domestic consumption there is usually conceded to be about 650 million bushels. Average production, previous to the recent dry years was around 800 million bushels per year.

Wheat Exports to States Almost Treble Year Ago

Since the beginning of the crop year on August 1, 1935, up until the first of the month, duty has actually been paid on slightly over 28 million bushels of Canadian wheat entering the United States. This compares with 12.5 million bushels a year ago.

Total disappearance of Canadian wheat in United States, that is exported for consumption in United States and exported for milling in bond, amounted to approximately 37 million bushels for the first nine months of the crop year.



SLOWER

Decline in the amount of Canadian wheat in merchantable positions was smaller last week, amounting to less than two million bushels. But even this reduction was sufficient to bring the total down to over 30 million bushels below this time a year ago.

Following the week previous when the decline in visible and the export clearances were among the best since the opening of the crop year last August, such a slowing down was perhaps inevitable.

	Week of May 15	Week Previous	Last Year
Canadian Visible	175,796,000	177,442,000	207,269,000
Export Clearances*	4,802,105	7,608,261	3,296,358

*Plus U. S. imports.

If the recent rate of wheat exports can be maintained during the 11 weeks of the crop year yet remaining, Canada should enter the 1937 crop year with a carryover of around 125 million bushels or lowest since 1930 as the following table, which shows carryover in Canada only, would indicate:

Canadian Wheat Carry-over July 31

	(bus.)
1935	203,231,000
1934	193,322,000
1933	211,740,000
1932	131,844,000
1931	133,381,000
1930	111,000,000
1929	104,382,000
1928	77,626,000
1927	47,818,000
1926	36,350,000

Grief Follows Pool Payments To Westerners

Sask. Farmers Wrathy Over Western Producer Deductions

TAKEN OFF CHEQUES

From Our Own Correspondent

REGINA.—Deductions made from settlement cheques issued to farmers on account of the recent wheat pool adjustment payment authorized by Parliament are creating a great deal of dissatisfaction. Total payment amounted to $6 millions, and of this according to official statements, some 27 per cent has been paid to others than farmers, in recognition of assignments previously made.

Most of these were to chartered banks, to which farmers had endorsed their participation certificates, and of the $1,700,000 going to farmers' creditors it is probable that the banks received more than $1 million. Other certificates were endorsed to mortgage companies. Some farmers are objecting to these payments, having overlooked the fact that the act authorizing the settlement specifically provided that assignments were to be recognized.

But the greatest dissatisfaction arises over deductions made for subscriptions to the Western Producer, and for fees to the United Farmers of Canada, Saskatchewan section. In 1930 many farmers were secured as subscribers to this paper, and as members of the organization in a campaign in which they were urged to pay, not in cash but by requisitions drawn on the Wheat Pool. Most farmers had forgotten that they had given such requisitions.

Subscription Deductions

The Western Producer is the wholly owned organ of the Saskatchewan Pool, published through the Modern Press of Saskatoon, the accounts of which are incorporated with those of the Pool in published balance sheets. At the time the requisitions were given it was independently owned, although used as the Pool organ, and was subsequently bought by the Pool.

The United Farmers of Canada is a somewhat moribund organization, although it was formerly very active. Its political activities have been absorbed by the C.C.F. of the province. The latest annual report shows that it had 22,000 requisition members, which must date back to 1930, and about 3,500 cash members of whom many were in arrears. The membership fee was formerly $5 annually, and deductions made on its account from settlement cheque seem to have been for $5 each. If all the requisitions were collectible from this payment, which is improbable, as many pool farmers did not participate in it, it would apparently receive $110,000. This would be a lot of money for any organization.

To Political Organizations

But it is believed that not much of this can be retained, amounts due on requisitions having been pledged against bank borrowings to take care of losses made on a supply business formerly carried on.

Payments to the Western Producer seem to run on different cheques from $2.75 to $3 each. Some farmers have received large cheques, and the deduction of such amounts may have given them little concern. But when cheques were issued, as was frequently the case, for $25 or less, deduction of from $3 to $8 caused a great deal of murmuring.

One cheque has been photographed and published for a net amount of 99 cents, after deductions totalling $8.75 for the Western Producer and for the United Farmers.

None in Manitoba

Corresponding deductions, although to a much smaller total, it is understood, were made in Alberta. It is reported that the finances of the United Farmers of Alberta have been restored to a satisfactory condition by the collection of from $4,000 to $5,000.

But in Winnipeg the United Farmers of Manitoba have stated that although they had a considerable number of requisitions on the Wheat Pool signed by farmers in 1930 they had not thought it proper to make any attempt to collect.

But probably the most disappointed persons are creditors of farmers who received orders on the Wheat Pool in 1930 and who did not succeed in collecting anything. This group lost, destroyed or returned such orders, when during five years that elapsed before payment there appeared to be no prospect of any funds being forthcoming.

Argentine Corn Well Received

Owing to the growing market in Europe for corn from the Argentine, it is possible that pressure on wheat growing may be relieved to a certain extent in that quarter. In the recent annual report of the Liverpool Corn Trade Association, considerable stress is laid on Argentine corn, which the Englishman calls maize.

"Owing to its excellent quality and cheapness in relation to all other feeders, maize has become a very popular article in commerce," states the recent report, "not only in the United Kingdom, but also on the continent, where stock feeders usually prefer barley. This preference has resulted in a much larger consumption, and it might be worth mentioning that once consumers are accustomed to a definite type of feed, and in particular maize, it becomes increasingly difficult to induce them to substitute another; in fact, it becomes a vogue. This is an excellent augury for the season now about to commence. In the past season, Argentine did a good trade with United States, and also increased her exports to Japan."

The quality of the Argentine crop is described as excellent, and the marketing of it in the last year, the association states, was in an orderly manner despite the large size. "At no period of the season have supplies been burdensome, and it is only necessary to state that there has been no accumulation of stock at any importing centre."

Wheat Surplus Dwindles Fast

World wheat carryover at the end of the present crop year, July 31, 1936, will be the lowest in years, according to a survey by the International Institute of Agriculture. Total 1935 crop is estimated at 10.5 million metric tons and total requirements 14.7. Thus, it is explained it will be necessary to draw on previous carryover for about one-third of the year's consumption. This will leave exportable stocks at the beginning of the new crop year at about 5.8 million metric tons, which, the Institute adds, is lower than the normal level which prevailed before the recent world wheat crisis. In the meantime, of course, new and possibly better than last year's crops will be maturing in the Northern Hemisphere.

Wheat in West Starting Well

Germination Excellent — Current Moisture Sufficient

From Our Own Correspondent

WINNIPEG.—The western wheat crop is away to a remarkably good start. Uneasiness about the quality of seed sown, where it was necessary for farmers to use light weight rusted seed, has largely disappeared. The stand of grain which has come up is excellent. There is little apprehension of grasshoppers, except in a few areas of Alberta. Almost everywhere there is enough surface and sub-soil moisture to carry the growing crop along. Consequently the general hope of farmers is for continued warm and dry weather until the end of the month, in order to allow completion of coarse grains seeding. Then the hope will be for June rains.

New Wheat

Seeding in Western Canada is now practically completed, with almost ideal growing conditions reported from most sections.

* * *

Seeding of the American spring wheat crop in the northwestern States has been completed. Satisfactory weather conditions prevail over most of the area. Owing to the low quality of seed used in some sections, favorable weather will be necessary for at least a month in order to ensure a successful start.

* * *

On both shores of the Mediterranean, that is north Africa and southern Europe, a poorer crop than last year is in prospect. A very marked increase in the Argentine wheat acreage is expected following the high minimum price fixed by the government last season. The bulk of this wheat is now being sown, with moisture conditions favorable.

* * *

This year's Indian wheat crop is estimated at about 362 million bushels, as compared with practically the same figure a year ago. As a result of one half the normal rainfall in the American winter wheat area in southwestern States, the official Washington forecast early in May was reduced 30 million bushels to 463,708,000. This is still 30 million bushels in excess of last year, but far below the five-year average 1928-32 of over 618 million bushels.

Loan Council Plan Removes Default Fear

Modifications of Plan Mean Big Rôle for Bank of Canada

SAVES SASKATCHEWAN

From Our Own Correspondent

OTTAWA.—The decision of the government to amend the loan council legislation and proceed with it this session, is believed at Ottawa to banish all danger of either Manitoba or Saskatchewan defaulting.

In political circles it is recognized that the course now being followed by the government is somewhat baffling and contradictory and will entail political liabilities of unpredictable proportions in the future. The revised plan is expected to cast the Bank of Canada in an important rôle in national finance.

Saskatchewan's Part

The factor which wrought the change from an attitude of indifference to active support of the loan council legislation was the decision of the Patterson government of Saskatchewan to agree to accept the legislation. Saskatchewan, facing a maturity of $2,002,000 on May 1 and another $1,000,000 on June 1, desired to avoid default and asked the Dominion government to carry out the policy agreed upon last January and set forth in the legislation.

In the last analysis, the Dominion could not refuse this request—notwithstanding the statements made in the letters exchanged between Hon. C. A. Dunning and Premier Aberhart of Alberta—and a revised policy was adopted.

Vital Issues

Saskatchewan now obtains the money needed to meet both maturities from the Bank of Canada—interest rate not yet disclosed—and presumably will fund the debt under Dominion guarantee after the amendment to the constitution and the legislation at Ottawa are enacted.

The changes in the policy are vital in their long range effect, but of small significance at the moment. The provision compelling a province, after accepting a loan council, to submit all future borrowings to it, is eliminated.

Plan Modified

Under the new scheme, submission of all borrowings to the council will be necessary only if all the debt of a province has been converted under a Dominion guarantee. As none of the western provinces, with the possible exception of Alberta, has desired a complete conversion—this provision is likely to be inoperative. The western provinces with borrowings in the United Kingdom, value their credit standing there too highly even to seek a conversion arrangement under Dominion guarantee.

Where a loan council is availed of only to meet maturing obligations, the province is now to remain free to sell bonds on the domestic market if it chooses. It will have to accept the judgment of the council only if foreign issues are to be made.

Bank's Big Rôle

Ultimately, it is believed, the result of this provision will be to substitute the Bank of Canada for the loan councils. Investors will be educated to look for the approval on any provincial issue of the loan council, now, and of the Bank of Canada later on. The waiving of the right of veto on domestic issues is regarded as more apparent than real.

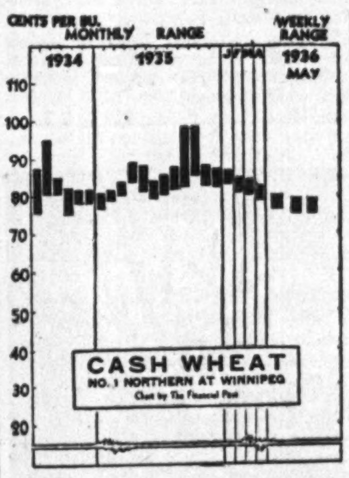
Under the new set up, a province operating under a council will submit domestic as well as foreign issues for approval. If the council declines to approve a domestic issue, the province will still be at liberty to go ahead. It is believed, however, that no bond issue which has failed to win the approval of the council will be marketable in Canada.

Ultimately, it is believed, this will bring about a condition in which prior approval by the Bank of Canada will be a requisite of successful sale of provincial debentures, particularly of western provincials.

The Bank of Canada, as the adviser of the loan councils, will be a large factor in the working out of this policy now. In future, as the provinces are able to utilize their own credit to withdraw from the councils, the Bank of Canada should naturally step into the position of financial adviser to the provinces. Investors will come, naturally, to look for the stamp of approval—today of the loan council, tomorrow of the Bank of Canada.

The legislation as it now stands, therefore, promises to advance the original purpose of the Bank of Canada definitely toward attainment.

Wheat Prices



(Cash Quotations) For Week

At Winnipeg:	May 19 High $	May 19 Low $	Prev. Week High $	Prev. Week Low $
1 Man. Hard	.79½	.77⅞	.79⅞	.78¼
1 Northern	.78	.76¼	.78⅛	.76½
2 Northern	.76	.73¾	.76⅛	.74½
3 Northern	.72	.70	.72½	.70⅞
4 Northern	.67¾	.65¼	.68¾	.66¾
5 Wheat	.62	.58¾	.62⅝	.60¾
6 Wheat	.52¼	.50¼	.52⅝	.50½
Feed Wheat	.43	.41¼	.43⅛	.41½
Vancouver: Week to May 15:				
1 Northern	.76⅜	.75⅛	.77	.74⅞

Competitive Export Prices:
(May) shipment.

	High Week to May 15	Low Week to May 15
No. 1 North. (Vanc.)	0.94	0.92⅞
No. 2 North. (Atlan.)	0.90½	0.88⅝
No. 2 North. (Vanc.)	0.92	0.90½
Argentine Rosafe	unquoted	
Do., Barusso	unquoted	
Australian (Afloat)	0.94⅜	0.93¼
Australian	0.95⅛	0.94
French	0.82⅝	0.82¼

Winnipeg Grain Futures

Week to May 19, 1936

Crop year from Aug. 1, 1935 High	Crop year from Aug. 1, 1935 Low		Open May 13	High for week	Low for week	Close May 19
		Wheat				
1.02¼	.75⅛	May	.77¼	.78	.75⅛	.76¼
.92⅞	.76⅝	July	.77⅞	.78¾	.76⅜	.76¾
.89	.77⅝	Oct.	.79	.80½	.77⅝	.78⅛
		Oats				
.35⅜	.29⅝	May	.31⅛	.31⅝	.30⅞	.31⅜
.33⅜	.30	July	.31¼	.31⅝	.30⅞	.31
.31⅞	.29⅞	Oct.	.....	30⅝	.29⅞	.30⅛
		Barley				
.42½	.34⅝	May	.37	.37¾	.37	.37
.40¼	.35⅝	July	.36¾	.37⅝	.36⅜	.36¾
.40¼	.36¼	Oct.	.36⅞	.38	.36⅞	.37
		Flax				
1.65	1.33	May	1.45¼	1.47½	1.44½	1.45
1.63	1.40¼	July	1.44¼	1.44½	1.42½	1.43
1.47⅝	1.40	Oct.	1.40¾	1.41½	1.40	1.40
		Rye				
.51⅞	.38	May	.....	.42⅛	.40⅝	.41⅞
.48½	.39⅛	July	.42⅜	.43¾	.41⅞	.42¾
.49	.41⅛	Oct.	.44¼	.44⅞	.43⅝	.44¼

DIVIDEND NOTICES

The Canadian Bank of Commerce

Dividend No. 197

Notice is hereby given that a dividend of two per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 31st May, 1936, and that the same will be payable at the Bank and its Branches on and after Monday, 1st June next, to shareholders of record at the close of business on the 30th April, 1936. The Transfer Books will not be closed.

By Order of the Board.
S. H. LOGAN,
General Manager.
Toronto, 17th April, 1936.

The Dominion Bank

Notice is hereby given that a Dividend of two and one-half per cent upon the paid-up capital stock of this Institution has been declared for the quarter ending 30th June, 1936, being at the rate of ten per cent per annum, and that the same will be payable at the Head Office of the Bank and its Branches on and after Thursday, the 2nd day of July, 1936, to shareholders of record of the 20th June, 1936.

By Order of the Board.
DUDLEY DAWSON,
General Manager.
Toronto, 14th May, 1936.

Lake Shore Mines, Limited

(No Personal Liability)

DIVIDEND No. 65

Notice is hereby given that a quarterly dividend of one hundred per cent on the issued capital stock of the Company will be paid on the fifteenth day of June, 1936, to shareholders of record at the close of business on the first day of June, 1936.

By order of the Board.
KIRKLAND SECURITIES, LIMITED.
Secretary.
Dated at Kirkland Lake, Ontario, May 15th, 1936.

Brazilian Traction, Light and Power Company, Limited

NOTICE IS HEREBY GIVEN that the Board of Directors of this Company has declared a dividend of 30 cents per share on the Company's issued Ordinary Shares of no par value, payable on 15th July, 1936, to shareholders of record on the registers at the close of business on the 5th June, 1936. Payment of this dividend to non-residents of Canada will be subject to deduction of the Canadian Income Tax of 5%.

DATED at Toronto, Canada, the 14th day of May, 1936.

By Order of the Board,
A. W. ADAMS,
Secretary.

NOTE: The Transfer Agents of the Company are National Trust Company, Limited, Toronto and Montreal, Canada.

The Company's London Agents are Canadian and General Finance Company, Limited, 3 London Wall Buildings, London, E.C. 2, England.

DIVIDEND NOTICES

HUDSON BAY MINING AND SMELTING CO., LIMITED

DIVIDEND NO. 3

A dividend of Fifty cents (Canadian) per share has been declared on the capital stock of Hudson Bay Mining and Smelting Co., Limited, payable June 29, 1936, to stockholders of record at the close of business May 29, 1936.

H. E. DODGE,
Treasurer.
Dated May 18, 1936.

McKenzie Red Lake Gold Mines Limited

(No Personal Liability)

DIVIDEND NO. 1

NOTICE is hereby given that a dividend of three cents per share has been declared, payable on the 15th day of June, 1936, to shareholders of record at the close of business on the first day of June, 1936.

By Order of the Board.
H. M. ANDERSON,
Secretary-Treasurer.
Toronto, April 30th, 1936.

PACKARD MOTOR CAR COMPANY

DIVIDEND NO. 121

The Board of Directors has declared a dividend of fifteen cents (15c) per share on the outstanding Common Non-Par Value Shares of the Company, payable on the 1st day of July, 1936, to the holders of the Common Non-Par Value Shares of record at the close of business June 6, 1936. The books will not be closed.

HUGH J. FERRY, Secretary
Detroit, Michigan, May 13, 1936

DIVIDEND NOTICES

ANGLO-CANADIAN TELEPHONE COMPANY

Class A Dividend Notice

Notice is hereby given that a dividend of One and One-Quarter Per Cent (1¼%) has been declared on the Class A Stock of the Company, payable June 1, 1936, to Stockholders of record at the close of business on May 15, 1936.

By Order of the Board.
GEOFFREY PURDY,
Secretary.
Montreal, May 15, 1936.

Reno Gold Mines Limited (N.P.L.)

DIVIDEND NOTICE

Notice is hereby given that a dividend of three (3c) cents per share has been declared payable to shareholders of the Company of record as such on the books of the Company at the close of business on Wednesday, the 10th day of June, 1936, and that the dividend will be payable on or after the 2nd day of July, 1936.

The Register of Transfers will be closed at the close of business on the 10th June, 1936, until the opening of business on the 20th June, 1936.

By Order of the Board.
W. A. SUTTON,
Secretary-Treasurer.
Vancouver, B.C., May 12, 1936.

STUDEBAKER

In 1852, the firm of H. & C. Studebaker, Blacksmiths and Wagon Builders, was founded in South Bend, Ind. with a total capital of two forges and $68.

By 1897 the firm of Studebaker Brothers had assumed a position of prominence as manufacturers of buggies, wagons and other vehicles.

The minutes of the Directors' meeting of May twelfth of that year mention that experimentation had been carried on with a "horseless vehicle." At first the Company manufactured for other organizations. In 1913 the first Studebaker gasoline automobile was produced.

The Studebaker Corporation of Canada, Limited, with offices and plant in Walkerville, Ont., was formed in 1912.

Advertising of this Company appears in—

Maclean's
Canada's National Magazine

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The Week in Mining

Quebec Juniors Joining Current Market Boom

Wild Values Placed on Ontario Gold Prospects — Railway for Quebec?

After a week of feverish concentration on the Little Long Lac field in Ontario, during which amazing valuations were placed on prospects in this area, interest in the mining market has begun to turn to the Quebec field.

A review of the Quebec district will be found on another page of this issue, and illustrates that there are many promising properties quietly producing, or going ahead with development east of Rouyn.

O'Brien Gold Mines, where high-grade ore has been opened up on the seventh and ninth levels, Shawkey Gold Mines, whose new mill appears to be operating satisfactorily, Perron, another new producer, are all regarded as promising junior golds, and are free of promotional background which has made a few Ontario prospects such uncertain buys.

Railway for Quebec?

IN REGARD to Quebec, the stage appears to be set for a fine parliamentary fight over the application of the "Temiscamingue & Abitibi Railway Co." proposed C.P.R. subsidiary for a Quebec charter to build a line from Angliers to Chibougamau.

Angliers is the terminal of the C.P.R. line to Ville Marie, a few miles south. The proposed line would run from Angliers through such mining townships as Beauchastel, Rouyn, Joannes, Bousquet, Cadillac, Malartic, and others to Senneterre, thence northeast to Chibougamau Lake.

The legality of such a charter, being as it would be, granted by the province of Quebec, is a question for the legislature. Any mining man who has attempted to get to Chibougamau, or to Senneterre, via Cochrane would not hesitate in agreeing with the need for such a road.

The service into this field, apart from Rouyn, has been in the past few years drastically curtailed by the C.N.R., and does not seem to have kept pace with the growing mine traffic into this field.

It is not too much too presume that the C.P.R., before applying for the charter, investigated the need of such a line, and the consequent chance of operating it at a profit. In the opinion of the C.P.R. at least, such a line would be profitable. Current development in Joannes twp., Malartic, and in Chibougamau itself is certainly greater than ever before.

Without going into the possibilities of operating the line at a profit, a question which, surely, must be left to the sponsors, mining men agree that such a line would be of great value in opening up northwestern Quebec. They could be excused for smiling at the C.N.R.'s claim that the C.P.R. was poaching on its preserves in view of the fact that transportation problems have, for so long, handicapped development of the northwest Quebec field.

* * *

Pamour in Production

THE new 500-ton mill at Pamour Porcupine, Noranda's big success in the Porcupine field, came into production a few days ago.

This marks the culmination of much mining history. The property, which is coming into production on such an ambitious scale, dates back to the earliest days of the Porcupine camp, and is a consolidation of the Three Nations, LaPalme Porcupine, and Porcupine Grande properties. It was not until 1934, however, when Quebec Gold Mining Corp. got hold of the property and interested Noranda, that the real possibilities of the property became apparent.

As a result of the Pamour operation, the whole Porcupine camp has been revived, and this season is seeing extensive exploration and development, both east and west of the present producing zone.

* * *

More Tons, Less Gold

MOST Canadians are by now familiar with the fact that the first result of higher gold prices on Canadian producers was a steady decline in the grade of ore treated.

It is interesting to note, in the monthly review of conditions in South Africa, prepared by the South African Trade Commissioner in Canada, indications that the same trend has been going on in that country, namely a marked increase in tonnage treated accompanied by a drop in grade.

The significance of this trend is fairly healthy. In the first place, every ton of ore milled means additional employment, and additional supplies. The fact that gold prices are comparatively high has enabled gold mining companies to maintain their earnings record unimpaired. The drop in grade, of course, spells longer life for the mines. So that the policy of treating lower grade ore, and increasing tonnages, renders a triple benefit.

It is believed by many this lower grade trend has just about spent itself, both in Canada and in South Africa. Unfortunately, the number of tons handled by Canadian lode mines in 1935 has not yet been estimated, but it is altogether likely that the 1935 grade will be higher.

The following tables indicate how similar has been the effect of higher gold prices on the gross producing record of both countries. The Canadian production shown below includes only auriferous quartz mines:

South Africa's Record

Year	Tons of ore treated	Fine ozs. gold Recovered	Recov. per ton
1932	35,622,601	11,557,858	.324
1933	37,663,603	11,012,340	.292
1934	40,619,430	10,479,194	.257
1935	46,053,525	10,773,991	.239

Canada's Record

Year	Tons of ore treated	Fine ozs. gold Recovered	Recov. per ton
1932	5,924,359	2,502,327	.422
1933	6,446,776	2,455,365	.380
1934	7,475,278	2,490,513	.333

* * *

Index to Mining Stocks

Mining stocks presented an unsettled appearance during the past week, although gains in price were more substantial than losses, and consequently the general index of 23 mining issues mounted from 148.5 for the week of May 7 to 149.4 for the week of May 14. The index for the corresponding week in 1935 was 129.6.

The upward tendency was maintained in the gold group, the index registering an advance for the eighth successive week. This index was 128.4 for the week of May 14 as compared with 127.4 for the preceding week. The index for the week ending May 16, last year was 123.3.

Owing to an increase in the price of Noranda, the base metals index moved higher from 235.9 for the week of May 7 to 236.4 for the week of May 14. The index for the comparable week in 1935 was 158.2.

Pioneer Shows Vein Extension To 23rd Level

Sees "Large Body of Ore" Below 14th Level

From Our Own Correspondent

VANCOUVER. — Gratification that values have been proved at great depth is expressed in the annual report of Pioneer Gold Mines, Ltd., the big Bridge River property, presented to President Victor Spencer and directors by General Manager Howard James.

Dr. James reports in detail on sinking the shaft to the 3,200-ft. level and intersection of the main vein at a depth of 2,800 ft., known as the 23rd level.

Positive ore, all of which is above the 14th level, is estimated at 431,372 tons, but in addition to this Dr. James points to "a great body of ore below the 14th level not yet blocked out, but in sight by reason of the vein having been proved to go down to the 23rd level, or 1,100 ft. below the 14th."

After providing for all payments, the cash and bonds in Pioneer's hands at the end of the fiscal year March 31 amounted to $1,692,218, or nearly $400,000 more than at the corresponding date last year.

The mill is handling 400 tons daily, but a considerably larger volume of ore is being mined.

One point emphasized by Dr. James is that of every $3 paid by the company in dividends, it pays $1 to the Dominion and provincial governments in taxes. Last year taxes totalled $478,543.

Total gold production last year was valued at $3,045,188, or $26,739 less than the previous year. Labor trouble caused a tie-up of the mine in the spring of 1935 and this is held accountable for a loss of $150,000 in revenue.

Metal Prices

New York—May 19—
Copper: Electrolytic spot and future, $9.50.
Silver: 45⅛c.
London—May 19—
(Long Ton)—
Copper: Electrolytic spot, £40 15s.; future, £41 5s. Standard spot, £36 10s.; future, £36 17s. 6d.
Tin: Spot, £199 15s.; future, £195 5s.
Lead: Spot, £15 11s. 3d.; future, £15 12s. 6d.
Zinc: Spot, £14 10s.; future, £14 15s.
Gold: 139s. 11d.
Silver: 20½d.
Canada—May 19—
Gold: $34.88.

Saskatchewan Coal

A production of 72,875 tons of lignite coal is reported for Saskatchewan during March.

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"ALL THINGS COME . . . . ."

Dating back to the earliest days of the Porcupine camp, the property now owned by Pamour Porcupine Mines came into production recently with an initial capacity of 500 tons per day. The property, which has indicated large tonnages of medium ore, has been developed under the guidance of Noranda Mines, the Quebec copper-gold subsidiary.

Mining Reports

Home Oil Co.

Generally improved position, both as to portfolio and earnings, is reflected in the annual report of Home Oil Co. now exclusively a holding and investment company, for the fiscal year ended Dec. 31, 1935.

Since the company late in 1934, turned all its Turner Valley properties over to Royalite, net profit rose to $15,654 in 1935, as compared with a loss of $6,465 in 1934.

Following the expressed wish of shareholders, assets of the company have been maintained, and the financial position of the company as at May 7, 1936, was as follows:

Financial Position

Dom. of Canada bonds, 4% 1952	$50,000
Dom. of Canada bonds, 3½%, 1949	50,000
Dom. of Canada bonds, 3%, 1955	25,000
Bralorne Mines ....shares	2,000
Pioneer Gold Mines	4,700
Royalite Oil	22,000
Pacific Eastern Gold	440,000
Placer Engineers	100,000
Cash in bank	$22,741

Speaking of the two companies in which Home Oil is the largest shareholder, Pacific Eastern and Placer Engineers, Nelson Spencer, president, points out that both properties are amply financed for present development programme.

The company's balance sheet shows current assets of $33,720, against current liabilities of $258, consisting largely of unclaimed dividends.

While it was not feasible to pay a dividend in 1935, Mr. Spencer states "directors believe a dividend can be declared during 1936."

Income & Surplus Acct.
(Years ended Dec. 31)

	1935 $	1934 $
Receipts from wells	......	38,747
Sale of crude oil inv.	645	......
Net operating	645	38,747
Add: Royalties	......	946
Divs. & interest	40,994	7,992
Refund Calgary office, etc.	4,447	......
Misc. profits	......	741
Total income	46,086	48,426
Less: Exec. sal. & exp.	6,300	†18,066
Legal fees, etc.	2,880	
Directors' fees	750	
Depreciation	7,614	36,047
Misc. expen.	4,657	......
Loss on sale of mater.	3,221	......
Income taxes	5,010	778
Net profit	15,654	*6,465
Add: Prev. surplus	302	6,767
Balance forward	15,956	302

*Loss or deficit.
†Includes: oper. exp., $5,129; legal, accountancy & Tech. charges, $1,414; taxes, $1,958; field office expen., $1,757.

Earnings per share	$0.017	nil

Kenty Gold Mines

Working capital of $48,525 is shown in the balance sheet of Kenty Gold Mines, controlled by Brett Trethewey Mines, accompanying the annual report recently released. In addition to current assets of $48,525, the balance sheet shows a loan to Argosy Gold Mines of $43,333. Investments at cost are shown at $20,930. No clue is given as to the market value of these holdings.

Argosy, Kenty's main interest, is scheduled to get into production by mid-summer. It is expected, states F. L. Trethewey, president, that plans to increase the tonnage milled to 125 per day can be carried out shortly after production starts.

Brett Trethewey

Cash of $1,363, against accounts payable of $222 is recorded in the balance sheet of Brett Trethewey Mines, holding company, in its annual report. Investment in Kenty Gold Mines, amounting to 440,000 shares, is shown at cost at $33,167.

During the past year, Brett Trethewey has been quite inactive in any independent mining development, trusting to advancement of its interests through holdings in Kenty.

F. L. Trethewey, president, states that the "interesting outlook for the future of Argosy," will enable Brett Trethewey to again become active in mining developments on its own account, and to further investigate the possibilities of its holdings in Albany River, Fort Hope district, where drilling might be considered.

Halcrow Swayze Mines

Current assets of $5,902, as against current liabilities of $9 are shown in the balance sheet of Halcrow Swayze Mines, as at April 30, 1936.

Current assets are made up of cash, $1,659 and supplies on hand of $4,243. Development and administrative costs have been capitalized at $114,108.

Horace Strong, president, states that resumption of operations at the company's property in Halcrow twp., Ont. cannot be undertaken without substantial funds, but that a small amount of prospecting and exploration will be considered for the coming season, pending possible changes in the company's capital structure.

Approximately 500 tons of ore from surface lump, 200, 270 and 354-ft. levels gave an average grade of 0.12 ounces gold to the ton. Officials believe that from 100,000 to 150,000 tons of $4 ore can be extracted from present development above the 354-ft. level.

Price of Copper Products Up After Ingot Boost

Following the recent advance in the price of ingot copper, there has been stiffening in the price of manufactured copper products, says Hardware and Metal.

So far, the only actual price change reported is an advance in copper wire.

Reports from wholesale hardware firms indicate sales to the trade for the first four months of 1936 to be higher than for the same period of 1935, despite backward spring weather which retarded retail sales.

Water Resources Paper Covers Western Section

From Our Own Correspondent

MONTREAL. — Volume 68 of the Water Resources papers which deal with the surface water supply of Canada, has been issued by the Dominion Water Power and Hydrometric Bureau of the Department of the Interior. This number contains results of investigations made by the survey during the climatic years October 1, 1929, to September 30, 1931, in Alberta, Saskatchewan, Manitoba and Western Ontario.

Second Drill Outfit At Winoga Patricia

Arrangements have been completed with Boyle Bros. of Port Arthur to send a second diamond drilling outfit to the Winoga Patricia property to speed up the exploratory campaign being conducted there, H. R. Bain & Company announces. Preliminary drilling in 9 drill holes has intersected 15 veins averaging 2 to 10 inches in width, it is officially reported. Winoga Patricia adjoins Pickle Crow on the east.

Terminal Oil Deepens Work In Crude Hunt

Imperial Shows Interest in Del Bonita Structure

OLD WELL IN NEWS

From Our Own Correspondent

CALGARY.—In the belief that an important strike of crude oil will be made in the underlying Madison limestone, officials of the Terminal Oil Co. have decided to deepen the Sunshine-Terminal well on the Del Bonita structure south of Cardston.

The well has given two sensational but short lived performances. A few months ago a strike of crude oil and gas was encountered which gave rise to a general belief that a gusher had at last been drilled. The flow, however, died down. A few weeks ago a strong gas flow hurled a column of crude oil from the well with such force that two members of the drilling crew suffered severe injuries. Then the flow again died down.

The Sunshine-Terminal well is down 5,110 ft. of which about 80 ft. are in the limestone. A string of casing will be run to bottom before deepening operations commence.

Imperial Interested?

Imperial Oil Co. has evidenced interest by sending a crew of geologists and assistants to the southern part of the province. The geological survey will be under the general direction of Dr. T. Link, chief geologist for Imperial.

The Home Oil Co., which was one of the largest producing companies in Turner Valley during the boom years and which purchased its Turner Valley acreage from United Oils for $1,000,000 in cash, may again share in oil development in Alberta, according to the annual report just issued to shareholders. The company sold its wells to Royalite, Imperial subsidiary, and announced its intention to concentrate on mining development in British Columbia as a holding company. In the last report, however, the directors recommend keeping in touch with oil development in Alberta and it is pointed out that the company still owns a diamond drill outfit in storage in Turner Valley.

Hiram Spooner dies

Hiram Spooner, prominent Alberta oil man and large shareholder in Spooner Oils, of which his brother, A. G. Spooner is the president, has died in Calgary following a brief illness. Acting for himself and other shareholders, the late Hiram Spooner sued Spooner Oils, over a deal whereby A. G. Spooner paid cash and transferred acreage to the company in exchange for a considerable number of Spooner shares. Shortly before his death, Hiram Spooner won a legal victory when the Alberta appeal court upheld a judgment of the lower court and declared the deal void.

The North West Co., Imperial Oil subsidiary, which has been testing the Jumping Pond structure near Calgary for oil, has abandoned Jumping Pond No. 1 well at a depth of a little more than 1,600 ft. Only bursts of gas were struck. A second test is to be started shortly.

The Arca well, important wildcat being drilled jointly by the Imperial Oil Calgary & Edmonton Corp. and interests associated with the Calgary Gas Company, has been spudded west of High River. At last report the well was down 260 ft. and fast progress was being made with rotary equipment.

Preparations are being made to resume drilling at the Pekisko Hills well at which operations were suspended a year ago at 3,480 ft. This well is located almost on the border of the ranch near High River owned by King Edward VIII.

New Brunswick Coal

Production of 25,585 tons of bituminous coal is reported by New Brunswick for March.

ERRINGTON'S OPTION ON McLEOD COCKSHUTT SHOWS MILLION COUP

(Continued from page 1)

closer still to a departure from gold, giving rise to talk of higher gold prices. Finally, a short position in MacLeod Cockshutt developed in Toronto, helping the stock upward. All these factors combined to shoot up the stock, in addition, of course, to drilling results, and the entrance of the Errington faction into the picture.

In the meantime, MacLeod is getting ready to sink a new shaft, and a site has been chosen. When the shaft is down, and some lateral work done, the moot question of the stock's worth will be more easily determined. Until then, however, purchasers of the stock at over $4 per share appear to be taking a long chance.

Hard Rock Gold

Adjoining MacLeod on the east, Hard Rock Gold Mines also appears to be getting encouraging results. Some, apparently, view these results as so encouraging that they are willing to place a valuation of over $6 millions on the property, on the basis of $2.75 per share, and 2,200,000 shares outstanding.

Hard Rock has an authorized capitalization of 2.5 million shares. Of this amount options were given in February of this year to Goldale Mines, on 200,000 shares at 65 cents per share, and 99,995 shares at 75 cents per share to be completed by January 1, 1937.

Although the shaft is down 475 ft. and lateral work is progressing down to the 450-ft. level, interest centres mainly on the drilling being carried out from surface west of the shaft on the porphyry hill section. Ore values from underground work were not particularly high, although officials claim to be improving the values from current work.

Here again, as at MacLeod Cockshutt, about 1,200 ft. to the west, drilling has undoubtedly been encouraging, although not more so than at a dozen other prospects throughout Canada, and hardly sufficient, in the opinion of many observers, to justify current prices of about $2.75 per share. The following shows trend of the stock:

Date	High $	Low $
Jan. 21	0.42	...
Jan. 28	0.35	...
Feb. 4	0.42	0.38
Feb. 11	0.50	0.46
Feb. 18	0.70	0.67
Feb. 25	0.70	0.64
March 3	0.76½	0.75
March 10	0.65	0.61
March 17	0.68	0.65
March 24	0.65	0.63
March 31	0.64	0.60
April 7	0.70	0.69
April 14	0.70	0.68
April 21	0.91	0.85
April 28	0.90	0.85
May 5	1.80	1.50
May 12	1.79	1.60
May 18	3.20	2.72

Joseph Errington is also vice-president of Hard Rock which makes the background of the rise in the market almost identical with that of its neighbor, MacLeod, apart from the short position.

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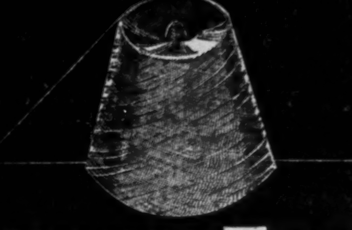
Canadian Asbestos

Shipments of asbestos by Canadian producers in January rose to 17,016 tons, from the preceding month's total of 15,924 tons. There was also a gain over the January, 1935, total.

New Absorption Plant

British-American Oil Co.'s absorption plant, now in process of construction in South Turner Valley, will likely be completed by June 15. The plant will have a capacity of 60 million cubic feet of gas daily.



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Little Change In Subsidiaries Of "Smelters"

George Gold-Copper, Coast Copper & Sunloch Reviewed

The George Gold-Copper Mining Co., controlled by Consolidated Mining & Smelting Co. of Canada, with a property about 20 miles north of Stewart in the Portland Canal Mining Division of British Columbia, remained idle during 1935, the annual report of the company states.

To December 31, 1934, Consolidated Mining & Smelting Co. has advanced a total of $36,271. During 1935, an additional $1,268 was advanced. This, with the 1.5 million shares $1 par value issued, comprises total liabilities.

Assets are shown to include mining properties at a cost of $784,905; development and holdings expenses capitalized at $71,434.

Coast Copper

Coast Copper Co., another Smelters subsidiary, was also inactive during the past year, although plant and equipment were kept in condition by the watchmen. Balance sheet as at December 31, 1935, shows current liabilities totalling $1,114,141, which includes an open account of Consolidated Mining & Smelting Co. of $1,114,126. In addition, Coast Copper lists among liabilities 750 ten-year 6 per cent first mortgage bonds of $1,000 each, matured September 1, 1926, and interest accrued and unpaid as at December 31, 1935, totalling $1,387,850.

Current assets total $10,499, all but 90 cents of which comprises supplies and provisions. Of an authorized capitalization of 200,000 shares of $5 each, 200,000 have been issued.

Sunloch Mines

Sunloch Mines, also Smelters controlled and owning a copper prospect in the Victoria mining division of B. C., remained inactive during the year. This company shows, as at December 31, 1935, current liabilities, consisting of advances from Consolidated Mining & Smelting Co., of $71,786. No current assets are shown apart from supplies of $25.

Salmo-Malartic Mines Sinking Winze on Vein

Salmo-Malartic Mines, financed by Arntfield Mining Syndicate, reports favorable results from development work at the property in the Sheep Creek district of British Columbia. Principal work now consists of an inclined winze on a strong silver-gold vein. At last reports, P. F. Horton, mine manager, states the winze is down 150 ft. and is approximately 30 ft. from its objective.

For the first 100 ft. of sinking, combined gold and silver values average $15 per ton across the entire winze width, it is reported. As more depth is obtained these values are reported to be improving, and the winze is now advancing in material averaging $25 per ton. These values are exclusive of lead and zinc content.

No Standard Oil Plant Going to Saskatchewan

One effect of the change in Canada's import tariff on gasoline is the decision of Standard Oil of California not to build a refining plant in Saskatchewan. Impetus to similar developments has also been removed by the cut in tariff to one cent.

It is reported that shipments of motor fuel from the U. S. have already been stimulated, and that much of the excess stock of gasoline in the U. S. may be relieved as a result of the change.

Alberta Oil Production

Alberta's production of crude petroleum last year, according to the latest federal figures, amounted to 1,265,940 barrels, or an increase of 2,190 barrels over the previous year.

New Silver Cart-Wheels Leave a Westward Trail

Tons of Oversized Dollars Rolling Into British Columbia

British Columbia's "New Deal for Silver" is producing some unexpected results.

Canadian cart-wheel silver dollars are rolling into British Columbia by the ton, as a result of the campaign to popularize use of the over-sized coins on the Pacific coast.

The Canadian mint is helping the movement by producing about 5,000 silver dollars daily, largely to supply the demand from B. C.

The outcome may be a concentration of silver dollars in British Columbia unequalled since the days when gold dust and silver were the chief media of exchange.

Boomed as an aid to B. C.'s silver mining industry, use of the cart-wheels is growing by leaps and bounds. The B. C. liquor control board has instructed its vendors to obtain a supply to be used as change. Merchandising establishments, grocers, butchers, chain and department stores are co-operating with an eye to the prosperity of British Columbia's silver mines.

And at least one municipality, the town of Matsqui, has asked for 6,000 to 8,000 of the coins monthly, to be used for payment of relief expenditures.

Meanwhile, B. C. mines department officials, sponsors of the scheme, are somewhat amazed at the success of the plan. They disclaim any intention of loading the pockets of citizens with several pounds of metal, and assert they merely meant to encourage citizens to carry two or three of the coins for use in small daily transactions.

Coins Have Advantages

The neat, elastic-bound "roll" is on the way out and B. C. tailors may soon have to include special canvas reinforcing in all trousers' pockets.

One reason for the coin's popularity is that no longer is it necessary to fumble in a pocket, among a handful of paper and coins, to secure a bill of low denomination. The "feel" of a silver dollar is unmistakable. It can be quickly located in theatre and restaurant crowds. It is an impressive "tip."

The cart-wheel in brief has a hundred advantages over paper currency, discovered by enterprising B. C. citizens, and not the least is the ability of the bulky coin to withstand the ravages of fire, wind and water that destroy the fragile "promises to pay."

When the coins were first minted in 1935, in commemoration of the Silver Jubilee of King George V, they bore the king's head and, on reverse, the much-criticized "Indian canoe" scene. The reverse design was criticized because, it was claimed, the coins would leave the impression in foreign countries that Canada is still a wilderness of forest and streams, populated by Indians.

Symbolic, the design was nevertheless retained on the 1936 issue, identical with that of 1935 except for the date.

The weight too, remained the same. It is 360 grains troy, consisting of eight-tenths fine silver and two-tenths alloy and no intricate mathematical calculations are needed to sense the difference between the weight of five fine silver dollars in one pocket and five one-dollar bills in the other. That disadvantage of the cart-wheel exists and nothing can change it, whatever changes may be made in future designs.

In eastern and western Canada the silver cart-wheels have never enjoyed the popularity they won in the Pacific coast areas, largely because of their weight and size. When the Jubilee dollars first appeared in eastern Canada in 1935 there was a rush to obtain them as souvenirs and banks quickly disposed of their entire stocks.

Shipped Westward

More were minted. When the novelty ended they changed hands without comment, but their size gradually tended to eliminate them again.

And now, in spite of the mint's efforts, the remaining silver dollars in circulation are moving to British Columbia. Regina reported only a few days ago that demand for them has dwindled and that the Bank of Canada repository of cash in Regina has actually shipped surplus silver dollars to swell the B. C. hoard.

To get one in Regina, it is necessary to canvass several banks. The same holds true in more easterly cities.

No one can predict however, what will happen as a result of the campaign.

To quote K. Frederickson, agent of the Bank of Canada in Toronto, "The silver dollar has always been popular in British Columbia," but at the moment its popularity has yet to extend beyond the eastern slopes of the Rockies."

If that happens, British Columbia's silver mines will benefit and so will the manufacturers of reinforcing material for trousers.

Opemiska Copper Offering Rights

Shareholders of Opemiska Copper Mines, on record May 23, are being offered additional shares on the basis of one share for each eight held, at a price of 75 cents per share payable at the rate of 25 cents per share on or before May 30, July 30 and September 30, 1936.

Installments may be paid in advance, but no discount will be allowed on such advance payments. The shares thus offered have been underwritten by several of the larger shareholders of the company, H. Whittingham, secretary, reports.

Oldest Claims in Porcupine Will be Given a New Chance

From Our Own Correspondent

TIMMINS.—Porcupine Lake Gold Mining Co. plan a development programme on their property in Whitney township in the near future, according to George McKeown, secretary-treasurer. This property includes 80 acres taken over from Porcupine Lake Gold Mines Ltd.

In previous years a shaft has been sunk to 300 ft. and some 600 ft. of diamond drilling done. In development work on the 280-ft. level ore was encountered which assayed $40.62 per ton for a length of 65 ft. and a width of 42 inches.

Three other ore sections were also located in underground work, one 25 ft. long, 42 inches wide, averaging $8, one 20 feet long, 42 inches wide, averaging $7.48, and one 20 ft. long, 42 inches wide, averaging $11.78.

This property has an interesting history for the main claim of the group was the first claim staked in the Porcupine Lake district. A syndicate headed by H. F. Hunter of Toronto located and staked this claim in 1908, one year before Jack Wilson and Benny Hollinger staked the Dome and Hollinger respectively.

During the first year only enough surface work was done to comply with the Mining Act. With interest aroused by the opening up of Dome and Hollinger, however, shaft sinking was started the following year.

In the fire of 1911 plant and equipment were destroyed to be replaced shortly afterward and destroyed again by fire in 1913. Another plant was installed and a shaft sunk on a 70 degree incline to a depth of 280 ft. Some crosscutting and drifting amounting in all to 675 ft. was completed before the property was closed down at the beginning of the war.

Since then, and principally in the years 1928 and 1929 when the property was acquired by the present company, some $30,000 has been spent in putting the plant and buildings in shape and doing diamond drilling.

Lapa Cadillac Starting Shaft After Drilling

Report 30 Men at Work on Mayrand Group

With 30 men on the property and shaft sinking under way, an extensive development campaign has begun on the Lapa Cadillac Gold Mines property in Cadillac Twp. of Quebec, according to a progress report issued by president H. S. Denny. Lapa Cadillac was formed in Dec., 1934, as a subsidiary of Sudbury Contact Mines, to develop the Mayrand group of claims belonging to Sudbury Contact.

At present, operations consist of steel piling in the overburden on the shaft location, making arrangements for a new head frame, completing the buildings, and installing Diesel plant and hoist. This programme follows favorable results obtained in the diamond drilling campaign recently carried out. No. 4 diamond drill hole, near the surface, intersected an ore body with an indicated width of 43 ft., officials report. The second intersection was of an ore body 32 ft. in width at a little less than 130 ft. below rock surface. This second ore body averaged $11.16 in value across the 32 ft.

Three-compartment Shaft

Present plans are for a three-compartment shaft with the first level being cut at 165 ft. and the second at 290 ft. Crosscutting and lateral development is to be pushed at both levels with first results from development expected soon after lateral work begins. Interest in this property has been spurred by the recent discoveries at O'Brien and Thompson Cadillac on this same belt to the west. Reginald Hore has recently joined the board of directors.

Of the outstanding capitalization of 1,451,765 shares, Sudbury Contact owns 1,030,556 shares.

Base Metals Corp. Finds No New Ore

A total of $31,548 has been expended on exploration work without developing any available tonnage on the property of Base Metals Mining Corp. near Field, B. C., the company reports in a statement covering operations in the first three months of 1936.

The mill at this property was suspended on Dec. 14, 1935, and exploration for further ore started.

JOINS H. R. BAIN & CO.

E. B. Reid, who has been appointed as director of advertising and public relations of H. R. Bain & Co. Ltd., Toronto. Mr. Reid is widely known, both in news and advertising circles, having been, prior to his connection with McConnell, Baxter & Eastman Ltd., city editor of the Toronto Star for a number of years.

Gateway Patricia To Start Drilling

Gateway Patricia Gold Mines, adjoining Central Patricia, has completed arrangements for drilling the property, Mines Development of H. R. Bain & Co., underwriters of the property, announce. Boyle Bros. of Port Arthur, who will handle the job, will take equipment into the property as soon as airplane transportation to the field is resumed.

Gateway Patricia holding 1,080 acres, has, from a complete land survey of the claims, ascertained definite values, supporting values obtained by a small exploratory drilling campaign carried out by previous owners.

To finance development, 700,000 shares of Gateway are being currently offered to the public, remaining in the treasury for future development are 1.5 million shares, or half the original capital of three million shares.

Sudbury Contact—The option to purchase 100,000 shares at 15 cents by April 30 under the option agreement dated February 20, 1936, was exercised to the extent of 80,000 shares at 15 cents per share. Time for exercising the remaining 20,000 shares of the installment has been extended to May 30, the other installment under the option remaining unchanged.

Mining Enquiries

Matachewan Gold

I would be obliged for information on Matachewan Gold Mines. I understand the property is now producing.

Matachewan Gold Mines merged with Cobalt-Ontario Development Co. and Matachewan Rand Gold Mines, to form Matachewan Canadian Gold. In 1933, Matachewan Canadian Gold sold its property to Matachewan Consolidated Mines for 1.2 million shares. This stock, we understand, is still in escrow.

Matachewan Consolidated Mines is being financed by Ventures, together with Sudbury Basin Mines. The property comprises 21 claims in Powell Township, Matachewan area of Ontario. The property entered the producing stage in November, 1934. For the fiscal year ended December 31, 1935, it showed a net profit after all charges of $4,279. Total ore reserves at December 31 were estimated at 125,965 tons, having a grade of 0.228 oz. gold. This tonnage would be sufficient to feed the mill at the 1935 rate of 130 tons per day for well over two years. Ore reserves are therefore satisfactory, and Matachewan Consolidated has possibilities as a producer.

LaPalme Porcupine

A client of ours holds shares in the capital stock of Lapalme Porcupine Mines. These shares were issued in 1912.

Will you be good enough to advise us if the company is in existence?

LaPalme Porcupine Mines sold its property to Pamour Porcupine Mines for 470,000 shares, some of which were subsequently sold. In October, 1935, shareholders approved the distribution of the company's assets and its winding up. In the late fall of 1935, Pamour shares were distributed on the basis of one Pamour share for each eight and three-fifths shares of LaPalme. Some cash payments have also been made.

Pamour Porcupine is considered to have a promising outlook, and Noranda Mines, which is developing the property, is going ahead with a 500-ton mill to be in production shortly. Briefly, it appears to be a fairly low-grade large tonnage proposition. The stock is currently selling at around $4 per share.

Might we suggest that your client get in touch with Chartered Trust and Executor Company of Montreal or Toronto, transfer agents for Pamour Porcupine Mines.

Gold & Lake Shore

I was impressed by your articles about gold in the Dec. 14, and April 25 issue. As I understand it, you believe that good gold stocks have an excellent chance to earn steady dividends over the years to come, even if the price of gold is not revised upward. With this in mind I would like to know your opinion of Lake Shore Mines. Are their reserves adequate and for how many years at the present rate?

The opinion that shares of a well-established, well-managed gold producer with ample reserves, affords, at the present time, one of the most satisfactory forms of investment, is fairly widely held. Since you have read the articles on this subject appearing in recent issues of The Financial Post, it is unnecessary to amplify this.

As regards Lake Shore Mines Limited, the company operates one of the largest gold-producing properties on this continent. This position has been held since 1931, following a steady increase in development and production. The satisfactory development of ore bodies to greater depths, with consistent values, indicates ore possibilities to the lowest minable depths. The present mill capacity is about 2,500 tons of ore per day.

Owing to the geological nature of this camp, it is rather a tricky business to estimate ore reserves, and some of Canada's largest and best regarded producers have adopted a policy of estimating only the broken ore in the stopes. This policy is in effect at Lake Shore. However, in the 1929 annual report, officials estimated that there was $13 millions worth of ore between the 1,400 and 1,600 ft. levels. This, of course, was at the old price of gold. On June 30, 1934, broken ore reserves were 230,858 tons, valued at $16.74 per ton, with gold at $20.67 per oz. The 1935 report states that the position of the mine in regard to reserves of ore, broken and in place, was fully maintained.

The higher price of gold has extended the life of such producers as Lake Shore enormously. Because of the fact that in the upper levels of the mine existed considerable quantities of lower grade ore, not profitable at $20.67 per oz. gold, the company was able, with gold at $35 per oz., to concentrate on mopping up this ore from the upper levels, and found it unnecessary to continue with the depth development.

Bearing all these points in mind, it is safe to say that Lake Shore is in a particularly fortunate position as regards reserves.

In the 1935 fiscal year, recovery per ton, at $11.50, based on the old value for gold, was the lowest of any year in the company's history, but, after adding exchange compensation, amounted to $19.24 per ton. This illustrates the tendency toward milling lower grade ore and prolonging the life of the mine.

At the present time, Lake Shore is paying dividends of 50 cents per share per quarter, along with a bonus of the same amount. At this rate, and at current prices for the stock, Lake Shore is paying a yield of 7.1 per cent, which must be considered satisfactory in view of the maximum amount of security offered by this stock.

O'Leary Malartic

Some years ago I bought some stock in O'Leary Malartic Gold Mines, but have been out of touch with recent developments. I would like to get from you a brief analysis of the present status of this company.

O'Leary Malartic Gold Mines now confines its activities to preliminary exploration and development work. As a result, the company holds an interest in several fairly promising propositions. As at December 31, 1935, the company owned 16,000 shares of McWatters Gold Mines and 20,000 shares of East Rouyn Gold Mines. In addition, it holds an 11½ per cent interest in Beauplace Mines Ltd., a 100,000 share company formed by McIntyre Porcupine Mines to develop adjoining groups of claims in the Mud Lake district of Quebec. This property is scheduled to come into production this year. O'Leary Malartic also holds a 90 per cent option on 13 claims in Scott Township, Chibougamau district, under development.

As at December 31, 1935, cash and investments at book value totalled $52,931. Current liabilities were $774. The company has an authorized capitalization of three million shares, of which 1,765,255 shares were outstanding.

List Sladen In Toronto

Company to Sink Shaft on Quebec Property

Sladen Malartic Mines stock has been listed on the mining section of the Toronto Stock Exchange and trading started May 15. It is also listed on the Montreal Curb Market.

The company owns a gold prospect in Cadillac, Fourniere, and Senneville twps., of Quebec, on which shaft sinking is scheduled to start. In the 1935 season, about 7,000 ft. of drilling was carried out.

Sladen Malartic has an authorized capitalization of 3.5 million shares, $1 par value. Of this, 1,590,000 shares were issued for properties, and 1,341,921 sold for cash making a total of 2,931,921 outstanding as at May 11, 1936.

Sladen's first financing was made in 1927, when 500,000 shares were sold for 20 cents each. In 1936, 800,000 shares were sold at 25 cents each and 41,921 shares at 35 cents. Recently an additional 41,000 shares have been sold for 35 cents each.

In the balance sheet as at Feb. 5, 1936, cash on deposit is shown at $215,317. Current liabilities, consisting of the purchase price of certain mining and other equipment, for which Sladen has not yet received invoices, are approximately $30,000.

Board of directors consists of M. A. Thomson, Montreal, president; St. B. Sladen, Ottawa, vice-president; John B. Mulvey, Ottawa, sec.-treas.; W. H. Miner, A. H. Paradis, Montreal; W. R. Johnston, Toronto, and A. J. Davis, Newmarket, directors.

Windsor Group Underwrite Richland Gold Mines Stock

Dodge Bros. Securities Ltd., of Windsor, has recently been organized and has underwritten the stock of Richland Gold Mines Ltd. John J. Dodge, president, informs The Financial Post that sufficient stock has been taken down and paid for to start the plant immediately on Richland's Nova Scotia property. Dodge Bros. intend taking down the amount of stock from time to time necessary to increase production as developments warrant.

Richland has been more or less dormant except for development work. The company also controls two properties in Northern Ontario, one in Black Township and one in Hislop Township. The Hislop property is surrounded on three sides by a property on which McIntyre Porcupine has been doing extensive drilling.

Bulolo Gold Dredging Profits Higher in April

From Our Own Correspondent

MONTREAL. — Bulolo Gold Dredging reports gold production during April of 12,265 fine ounces, compared with 11,203 ounces in March and 10,540 ounces in April, 1935.

Estimated net working profit for April is shown at 8,335 ounces, equivalent to $291,725, with gold calculated at $35 an ounce in Canadian funds. In March, net working profit was estimated at $281,115 and in April a year ago at $257,355.

During the month, 975 cubic yards of gravel were dredged, as against 955,800 cubic yards in March, and 892,000 cubic yards in April, 1935.

Flin Flon Gold Raises in Ore

From Our Own Correspondent

WINNIPEG.—George H. Salton has been appointed resident engineer of Flin Flon Gold Mining Syndicate Ltd. succeeding O. Gwillam who left for the United States. Three raises now completed between the established levels were all in ore and completed the blocking out of certain sections. The work of developing the ore shoots to the lower level is now being continued and will be completed before discussing plans for ore extraction.

Extra satisfaction—

"EXPORT"

CIGARETTES

—at no extra cost.

Con. Goldfields Plans Busy Year

Holds Interest in Manitoba Properties

From Our Own Correspondent

WINNIPEG.—Consolidated Gold fields of Manitoba and Ranger Gold Mines at their respective annual meetings re-elected officers and directors of both companies. Col. Arthur Sullivan, K.C., president of Ranger, and Mortiz Rothenberger, president of Consolidated Goldfields. Ranger is controlled by a stock interest by Consolidated Goldfields, which also has an 18 per cent interest in Packsack Mines and a controlling interest in Bisset Gold Mines. Packsack is now pretty well financed and is commencing a shaft sinking programme following extensive diamond drilling. Bisset has been drilling for some months and has indicated a continuance of the Greenstone belt from San Antonio property. It is now doing some deep drilling to find mineralized downward extensions.

Considerable activity on the part of Consolidated Goldfields is forecast, officials of the company having been given the necessary authority to make a stock issue and to form two or more additional companies on the 50 claims not yet grouped with either of its other interests. A considerable amount of surface work is planned on this section of the company's holdings.

Ranger May Work

Ranger Gold Mines, on which an interesting discovery was made last year, will also probably do some additional work. It lies close to Gold Lake, one claim cornering the Gold Lake property on which some of the most promising developments of the district are now taking place. Some treasury stock to meet development expenses as may be planned by the directors will also be issued.

Mr. Rothenberger who came to Winnipeg for the meetings of these two companies, expressed his satisfaction with the general situation.

Wood Porcupine to Drill Night Hawk Lake Property

From Our Own Correspondent

TIMMINS.—A diamond drilling campaign is contemplated by Wood-Porcupine Mining Syndicate on their property in the Night Hawk Lake district just as soon as the roads in from Connaught are passable.

Of the 12 claims held in Matheson, Cody, German and Macklem townships, 5 were staked in March while the other 7 were purchased from other interests. Douglas Wright of the Dome mine staff has staked 45 claims to the east of Wood-Porcupine's holdings and the syndicate plans to take up more ground soon.

Incorporated recently with an authorized capital of 3,500 units of $10 nominal value, the syndicate is officered by W. G. A. Wood, field superintendent for Porcupine Creek Syndicate, and W. G. Wood Jr., manager, and one of the original stakers of Porcupine Creek. S. C. Platus, Timmins barrister, is secretary-treasurer.

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FROM THE
MAIL AND EMPIRE
MAY 18

STOCKS *and Their* MOVEMENTS

There is nothing here in the nature of a tipster program: but at the same time it may not be out of place to name some of the spots where the fever is burning, and let the individual decide for himself whether to plunge and take the luck which the cards of the future may turn up for him.

The Pickle Crow area, which was started years ago by the Central Patricia, but which, of late, was forced to the front by the success of the Pickle Crow Gold Mine, now has a swarm of diamond drillers exploring the possibilities of the surrounding properties. The Kaw-Crow, Gateway Patricia, Winoga and Albany River are all going through the early throes which will pave the way for victory or defeat.

WE, TOO, BELIEVE

GATEWAY-PATRICIA

WELL WORTH INVESTIGATING

Already Winoga and Kaw Crow, on which diamond drilling was started recently, have shown market appreciation. On Tuesday, May 19, approximate prices were:

KAW CROW... 36c *(11 cents above January issue price.)*

Capital Appreciation 44 per cent.

WINOGA ....44c *(9 cents above March issue price.)*

Capital Appreciation 25 per cent.

Contract for drilling at Gateway Patricia has been let and work will commence almost immediately.

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As this issue has been underwritten, the company has already received payment or commitment to pay from the underwriters, consequently the proceeds of this issue will not go into the treasury of the company whose securities are hereby sold to you.

To the Wise Investor: INVESTIGATE!

THE VAST POSSIBILITIES OF THIS EXCEPTIONAL MINING ENTERPRISE

Here Are the Reasons:

1. Mining claims staked and under option and optioned Mineral Rights in land— 13,500 ACRES.

2. Located just west of the Town of Timmins and the great Porcupine Gold Camp and extending from east to west MORE THAN 14 MILES.

3. Indications encourage the belief that the long-sought western extension of the great Porcupine Ore Zone has been discovered and extends through the length of the property.

4. Management is in the hands of capable business and mining executives who have obtained the services of a competent resident engineer and have retained Mining Research Corporation Limited in an advisory capacity.

5. A preliminary geophysical survey of the property has been made and a wide zone has been indicated which appears to extend over the full length of the property. Many parallel veins are indicated, and wherever outcroppings have been examined favorable geological conditions are found to exist. Several veins have been uncovered on surface disclosing favorable formation with spectacular showings of free gold.

6. An extensive diamond drilling campaign is now under way. No. 1 drill hole is located on the Company's easterly claims in Godfrey Township. This hole with a planned depth of 1,000 ft. to 1,200 ft. is being drilled on a location where 12 parallel veins over a width of approximately 400 ft. have been indicated by the geophysical survey.

7. The small authorized capital (300,000 shares) makes possible tremendous per-share earnings.

25,000 Treasury Shares now offered to the public at the price of $2.50 per share.

NO COMMISSION IS PAYABLE IN RESPECT OF THIS ISSUE.

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Ottawa Looks Indifferently On Free Ports

But Senators Going Ahead With Move to Create Them

NO ENTHUSIASM

From Our Own Correspondent

OTTAWA.— Interest is apparent in political circles at Ottawa in the legislation being sponsored in the Senate, authorizing the creation of free ports in this country.

The sponsors are Senators J. P. B. Casgrain and J. H. Rainville. The latter for some years was chairman of the Montreal Harbor Commission and speaks on this matter with authority.

Plan Permissive

The proposed measure is entirely permissive. It would authorize the Minister of National Revenue to license public bodies, provinces or municipalities, to organize and conduct, wholly at their own expense, free ports at approved places on sea coasts, rivers or lakes or inland.

Undoubtedly, if the bill should pass parliament, the first free port would be created in or immediately adjacent to Montreal. Senator Rainville indicated that the confluence of the St. Lawrence and Richelieu Rivers would be an ideal location.

The free port question, it is conceded, will have to be investigated thoroughly in the next few months. Regardless of what happens to the Casgrain-Rainville bill, there is a growing demand for free port facilities not only in Canada but in the U. S. It is believed that this country cannot long delay following Europe's lead in this regard.

Here Ere Confederation

It is pointed out, however, that free ports would not be an innovation in Canada. There were two of them— Gaspé Basin and Sault Ste. Marie—prior to Confederation, created by royal proclamation in the early years of Queen Victoria's reign. It is not on the record that they played any important rôle in colonial commerce, certainly they failed to win their way after 1867.

In official circles there is apparent an indifference to the free port question. It is believed that investigation will reveal that the benefits to commerce and industry would scarcely warrant the investment and administrative force required. This continent, it is thought, presents different commercial problems than does Europe. In Europe, the multiplicity of states, all with high tariffs, enables a free port to render valuable service.

It is true New York city is planning to create a free port on Staten Island, but New York is a world shipping port where a large volume of transit goods is constantly being held.

Need no Bonding

The function of a free port, is to enable goods to be held without actually entering a country. This means there are no bonding privileges to be arranged, no duties to be rebated, no red tape or administrative vexations. Industrial plants can be located within the area of the port and manufacturing can be carried on.

It is thought that a case for a free port at Montreal might be established. Goods for U. S. destinations could be held over in this way; transference from ocean to lake and canal ships could be carried out. Even so, it is believed doubtful if a large enough volume of traffic would be available to carry the investment required.

Failure Liabilities Down 26 Per Cent

Confirmation of the general improvement in business mortality during 1935 is seen in the official report from Ottawa for that year. Failures in 1935 numbered 1,314—a drop of 15 per cent from 1934. Defaulted liabilities were $17.6 millions—a drop of 26 per cent from the previous year and the smallest total for any year since 1922.

Analyzed by type of business, agriculture contributed the largest number of failures with 173, followed by general stores, 98; grocery stores, 85; clothing stores, 65; construction firms, 62; dry goods stores, 47; customs and repair outlets, 40; vegetable food manufacturing plants, 39, etc.

By divisions, 594 stores went out of business through the official pathway of assignment, 180 manufacturing establishments, 186 service outlets and 275 other firms or individuals engaged chiefly in agriculture, construction, etc.

As usual, bulk of the assignments were in Quebec, 632, involving liabilities of $5.7 millions. Ontario had 390 involving $4.3 millions.

Investing for Next Five Years

Healthier Conditions in Commodity Markets Would be Reflected In Investment Values and Returns for Numerous Securities

One of the best ways, over a long period, to invest in commodities is to buy securities of the strongest and best run companies dealing in or using commodities. One of the advantages of doing this at a time like the present is that a period of demoralization in commodity markets appears to be ending, although there is as yet no marked inflationary trend in commodity prices.

The next five years should be better for producers and processors of major commodities. Consequently the investor should stand to gain from holdings that benefit directly or indirectly from healthier commodity market conditions.

This third article on "Investing for the Next Five Years" deals with the investor and commodities. Subsequent articles will deal with investing in other phases of economic recovery, methods of hedging risks and fitting of investments to individual requirements.

Canada is a country whose prosperity depends to a major degree upon commodities, their production, processing and marketing.

One of the important factors in contributing to the severity of the depression in this country was demoralization of commodity prices and markets between 1929 and 1933.

The Canadian investor may profit from improved conditions in commodity markets not only in Canada but internationally in the next five years; first because better conditions should help to increase the return from our own products, and second, because there are direct methods for Canadians to invest in hopes of improvement for commodities that are not produced in this country.

Prices and Income

About one-third of the national income of Canada is derived from primary products, wheat, lumber, metals, and so on. When the values of these primary products tend to shrink, so does the national income.

Improved values for primary products have meant better business, increased employment, higher corporation earnings and dividends. So gains of the farmer, miner and lumberman are also gains for the investor.

Early in 1933, the level of commodity prices in Canada had dropped to about 65 per cent of the 1929 level. In 1934 and 1935, the commodity average rose to about 75 per cent of 1929 prices and has held that approximate level.

Some important commodities like wheat, of course, dropped lower than the average. As to the subsequent rise of prices, it has shown a tendency to halt except for a few lines. Wheat has recently shown a tendency to decline.

Factors in Prices

Although economists feel there is a probability of higher commodity prices within the next five years, there are reasons for believing that any rise may be more modest than talk of inflation has led people to suppose.

Increased demand for commodities is the first essential to rising prices. Improved business and rising purchasing power does expand demand for commodities of all sorts. The expansion of credit is an important factor in tending to increase demand. Finally, expansion of international trade could play a most important part in influencing commodity prices toward higher levels.

Supply Important

While demand is one major influence on commodity prices, supply is the other.

There is little likelihood of scarcity developing in the next five years, unless war or unusually bad crop conditions prevail. Already the modest rise of prices that has occurred has tended to stimulate production of many major commodities. Increasing production which has not yet approached a maximum tends to keep prices from rising too fast and too far.

The probability appears to be firmness in commodity prices over the next five years. Unless war or similar calamities intervene, however, recovery to 1929 levels, a gain of one-third in price average, is the most that can reasonably be expected. Inflationary influences may only have modest influence on commodity prices in Canada because of large potential increases in supplies of goods.

Buying Commodities

Purchase of commodities themselves is not economically feasible for the average investor. Wheat and other commodities can be bought, of course, in the form of actual grain or as futures. Commodities, however, are perishable. Also, it is costly to retain them by transferring from one future to another. Finally, to hold commodities in expectations of quick profits is best left to the speculator. In fact, actual dealings in commodities are best left to the experts and to the firms in the trade.

The Canadian investor has already had some advantage from the rise in commodities that has developed from healthier international market conditions. Securities form a diversified field in which the investor can participate in any further improvement in commodity markets.

Wheat Processing

Wheat is such an important factor in Canada's economic structure that scores of securities stand to benefit from good wheat crops sold at satisfactory prices. Apart from indirect investments in wheat, the investor can participate in the processing and marketing of grain by going into securities of flour companies.

Flour milling has been depressed chiefly by loss of former large export volume, and by low prices. The very fact that major improvement has yet to appear leaves scope for improvement in securities such as these:

Flour Milling Securities

	Price $	Div. $	Y'ld %	Earn. per sh. $
Ogilvie, com.	225	8.00	3.6	8.05
L. o'Woods, com. ..	19	nil	nil	*1.47
W. Can. Flour, pfd.	40	nil	nil	nil

*Allowing year's preferred dividend but without deducting preferred arrears from earnings.

Variety in Group

As reflected in the yield, Ogilvie common is a steady earner, partly because of the company's large investments. Under good conditions, there would be a prospect of bonus dividends.

Lake of the Woods Milling Co. suffered large losses in 1930 from wheat operations, but has since repaired a deficiency in working capital and has resumed preferred dividends. Although arrears on the preferred have accumulated, earning power is large and would benefit the common if and when preferred arrears are adjusted.

Western Canada Flour Mills showed the first loss in its history last year. It has no bonds, but the lack of earnings has depressed the preferred. This stock, therefore, has the standing of a depressed equity rather than of stability. In case of recovery, the preferred would have first call on earnings and for arrears of dividends.

Grain Securities

Improved earnings for grain and elevator companies would be in prospect if crops of wheat and other grains were to improve in Western Canada. Price improvement might be reflected in better trading profits.

These companies have been heavily depressed except for a few eastern elevator firms like Toronto Elevators Ltd. In the western firms a variety of securities is available. Among the equity type are Alberta Pacific Grain preferred below $30, and Reliance Grain common between $4 and $7 a share. These prices reflect unsatisfactory earnings and the consequent risks. However, there are prospects of better things for these securities in a period of economic recovery.

Agricultural Recovery

Directly and indirectly the effects of a general improvement in agricultural income and rural purchasing power benefit scores of Canadian companies. Thus, firmer general levels of prices for farm products would help firms like Frost Steel & Wire, which supplies fencing, and mail order firms like Simpsons Ltd., and so on.

Equity-type securities that should stand to gain directly from any improvement in agricultural income would include:

Securities Dependent on Farm Income

	Price $	Earn. per sh. $	Equ'y per sh. $
Massey-Harris, pfd.	31	nil	151.60
Beatty Bros., A	10	.40	21.94
Cockshutt Plow, com. ...	7	nil	26.10

None of the three pays dividends. Beatty Bros., it should be noted, has great diversity of production, but still would benefit greatly from increased rural income. Massey-Harris and Cockshutt Plow depend almost entirely on farm income in Canada and abroad for sales of their implements.

It is noteworthy that recent reductions in the Canadian tariff are not beneficial to these companies at present. However, if trade agreements enable Canadian farmers to increase their incomes, the business of these firms may eventually recover.

Variety in Foodstuffs

Another way the buyer of securities can invest in commodity price trends and markets is in a variety of food companies. A group of equity-type securities representing investment in foods is as follows:

Equities in Food Companies

	Price $	Div. $	Y'ld %	Earn. per sh. $
Can. Packers, com.	80	3.00	3.8	4.48
Can. & D. Sugar, c.	58	2.50	4.3	3.47
Can. Canners, 2 pf.	6½	nil	nil	.19
Burns & Co., A com.	10	nil	nil	2.16
B. C. Packers, com.	9	nil	nil	nil

Among these securities there are contrasts rather than comparisons.

Canada Packers has a bond issue, but otherwise only common stock outstanding. The shares have risen sharply over the past few years. Earnings are benefitted by better bacon prices, and particularly in the United Kingdom. Higher world prices for hogs and bacon, and for other farm products and their derivatives tend to help earnings.

Canada & Dominion Sugar Co. is the largest refiner and distributor in Canada. Just now prices are unsettled owing to activities of a small central Ontario refinery. Also, the sugar industry depends to some extent upon tariff protection. Canada & Dominion, however, has shown substantial earnings through good and bad times.

Riskier Equities

Canadian Canners second preferred is convertible into common stock at the holder's option. Earnings have been small through the depression and the prospects for immediate recovery are only fair. However, the shares offer one of the few methods of investing directly in canned foods, fruits and vegetables.

Burns & Co., like Canada Packers, is chiefly a meat-packing firm. It has increased earnings greatly in the past two years, after being hard hit by the depression. If earnings were maintained at the 1935 levels, depending to a large extent on export meat prices, dividends on the A stock would become possible within two years.

British Columbia Packers common shares represent a direct investment in fisheries and in food marketing. The company's history is unfavorable from the investment viewpoint, but one or two good years in the next five might make the picture appear rosy, at least temporarily.

Rubber and Coffee

The Canadian investor who has faith in the outlook for rubber can back his judgment in a comparatively stable equity in Goodyear Tire & Rubber common stock. At $70 a share, the yield from the dividend of $2.50 is 3.6 per cent. Last year, earnings were $4.12 a share, and continuation of favorable results would allow substantially increased payments.

One of the most consistently depressed world commodities in recent years has been coffee, and this has upset the whole economy of the United States of Brazil. The country cannot get enough value for its coffee exports to acquire the necessary dollars and sterling to pay its own debts. Hence a company like Brazilian Traction has been unable to get its money out of Brazil for payment to shareholders.

Brazilian Traction is, of course, a public utility. Yet it offers a suitable way of investing for recovery in coffee trade and prices. Even under new rate schedules, Brazilian should be able to produce some earnings on its common stock. The value and return from the shares would then depend largely upon whether money can be transferred out of Brazil, which, in turn, would depend largely upon coffee exports and prices.

Stake in Petroleum

Canadian oil companies offer the investor an opportunity to invest not only in earnings from refining and distributing, but also in petroleum.

Shares of leading companies in both producing and distributing petroleum products include:

Common Shares of Oil Companies

	Price $	Div. $	Y'ld %	Earn. per sh. $
B. A. Oil	23	.80	3.5	1.10
Imperial Oil	23	1.25	5.4	.94
Int. Petroleum	38	2.50	6.6	1.49
McColl-Front.	15	.80	5.3	1.16

It will be noted that there appear to be inconsistencies in the relation of market values to dividends and earnings. But there are reasons for the seeming discrepancies.

For instance, yield and earnings on McColl-Frontenac common are larger than on B. A. Oil, which, however, sells at half as much again. The reason is that B. A. Oil has developed huge oil resources in Oklahoma and earnings from these are excluded from the statement. McColl, however, is endeavoring to develop oil production in Trinidad where it would be free from restrictions on production that prevail in the United States. Shares of both, therefore, offer speculative possibilities in petroleum earnings. And both companies have stable earnings from their Canadian refinancing and distribution.

Imperial Giants

Both Imperial Oil and its great subsidiary, International Petroleum, are paying more in dividends than they show as earnings. However, it is hoped that earnings from the huge oil fields of International Petroleum in Peru and Colombia will catch up to dividends within five years. If this happens, returns to the investor who buys at present prices should be satisfactory.

The price of crude petroleum has advanced from about 10 cents to over $1 a barrel recently, and might have risen further but for important new production of crude oil. Great fortunes were made in the earlier days of oil development, and it is possible other fortunes will be made by companies that have their own supplies of oil in the next decade. In this age of oil, the investor may well benefit from the success of the great Canadian companies.

Other Commodity Fields

In dealing with commodities, the list could easily be extended to cover forest industries including newsprint; and the widely diversified mining industry of all base metals nickel is showing increased use over 1929 and the demand is still growing. The only way for the investor to share in growing demand in peace and war for nickel is by owning shares of International Nickel Co. Also there are the food and grocery chain marketing organizations. These topics, however, will be dealt with in subsequent articles of this series.

The investor must remember that share equities, whose prospects are related in whole or in part to commodity prices and markets, may carry substantial risks. Those mentioned in this article carry less risk in a period of economic recovery—at a time when commodity prices are likely to be steady or even rising—than in depression. Many of these equities, however, could not be described as satisfactory investments for widows and orphans. Yet they offer a chance for the investor to run with recovery and to hedge against the possibilities of war and of inflationary influences.

VICE-PRESIDENT

Earle C. Brockett, who has been appointed vice-president of the Canadian Johns-Manville Co. Ltd., in charge of building materials sales throughout the Dominion. Mr. Brockett returns to Canada from the New York office, where he has been assistant general sales manager of the Johns-Manville Sales Corporation.

Nat. Steel Car Handed Rebuff

Tariff Board Says Chassis Frames Can't Be Made Economically

National Steel Car Corp. recently made representations before the Tariff Board at Ottawa regarding duties on automobile chassis frames.

The Board has taken an unfavorable view of the evidence presented by Robert J. Magor, president of the company, and its report apparently, eliminates, at least temporarily, any consideration of tariff aid on this line for National Steel Car.

Board's Statement

In reporting its findings to the government, the report of the Tariff Board states:

"The Board, after reviewing the data submitted with relation to this question, is of the opinion that for the time being automobile chassis frames are not capable of economic manufacture in Canada.

"The quality of steel specified by automobile manufacturers for their chassis is not available in Canada, with the result that the finished chassis frames, according to figures submitted by the only manufacturer in Canada, have less than 40 per cent of Canadian content. Furthermore, the excess in the price asked in Canada over that prevailing in the United States is greater than the total wages included in the estimated cost of the Canadian manufacturer on a chassis frame purchased in quantities of over 50,000 per annum."

The Board's reference to evidence submitted "by the only manufacturer in Canada" refers to the brief submitted by Mr. Magor on behalf of National Steel Car Corp.

Rubber Tired Tractors

This year, for the first time, rubber-tired tractors are in wide use in southern Alberta.

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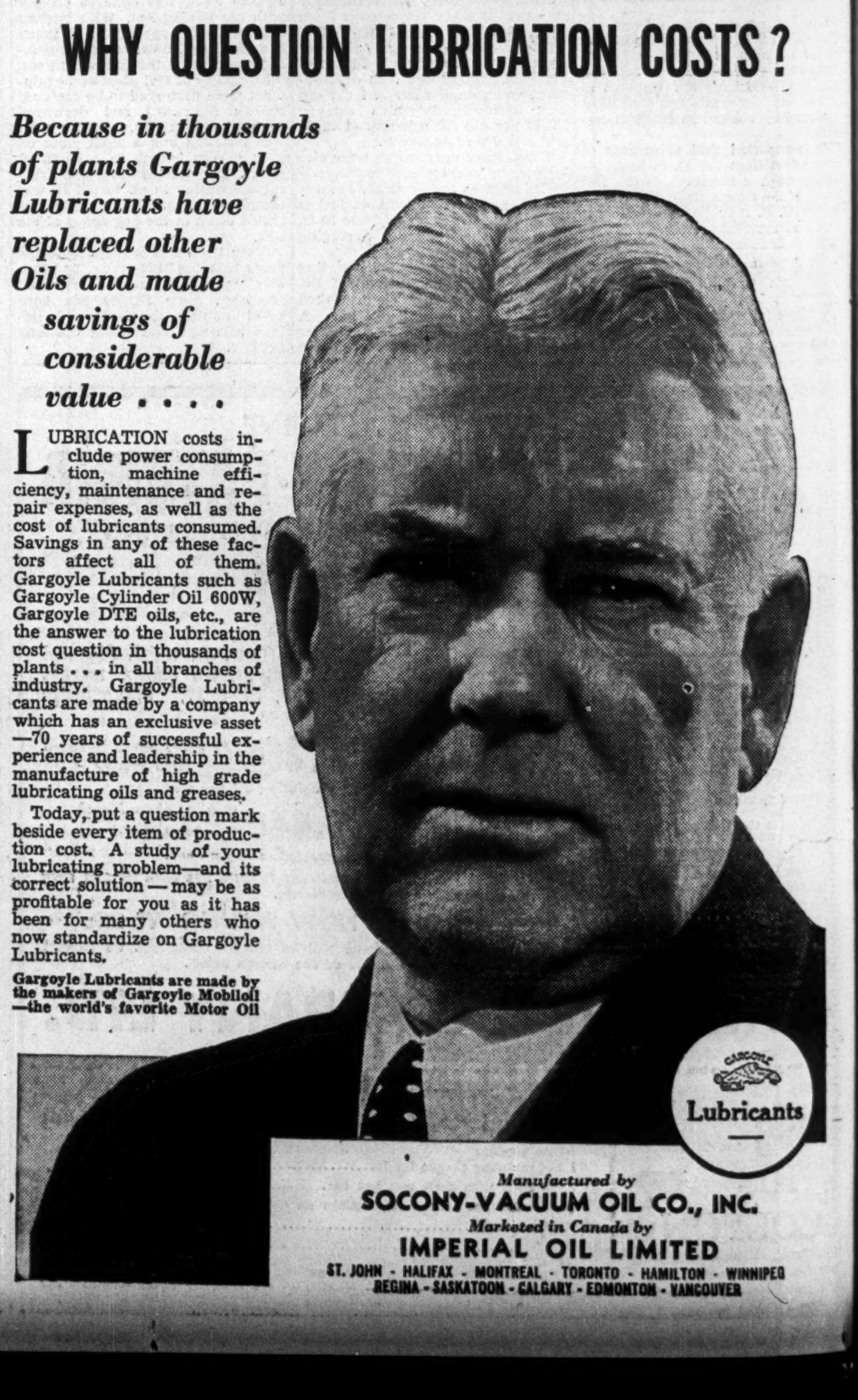

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Taschereau Government Battles for Life (Page 13)

THE FINANCIAL POST

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The Nation's Business

Annuity Scheme Rests on Infirm Foundation

Publishing as a Great Industry

Municipal Laws On Construction Are Obsolete

Grand Trunk Case

British Investor and Canada

Annuities and Old Age Pensions

THE actuary of the federal government insurance department—A. D. Watson—has at last brought official evidence before Ottawa legislators as to the financial iniquities and inequities of the existing government annuities scheme. His findings, which parallel closely the investigations made and published over a term of years by The Financial Post, condemn the existing set-up because of obsolete mortality tables and because of the thoroughly unsound way in which the finances of the department have been administered.

Mr. Watson says that on the $21 millions of new money taken in during 1935-36 alone, the loss to the government will be about $5 millions, and that a 25 per cent increase in rates is necessary to make the system self-sustaining.

It is particularly fitting that Mr. Watson should have made these findings for the committee, since he can in no sense be accused of being biased in favor of private companies with whom the federal government plan has come into competition. The Financial Post has received scores of letters in recent years accusing it of having been the spokesman of the big life companies in carrying out its annuity reform campaign. Now the evidence should be clear that reform of the annuity branch is simply a matter of good business and common sense on the basis that any business operation should be conducted with properly kept books and accounts.

* * *

THESE two points emphasized by Mr. Watson should be the foundation stone on which any continuance of the federal annuity branch on a business basis is countenanced. Nevertheless, there is the larger question of whether or not the government wishes to continue the sale of small annuities at less than cost as a measure of social benefit and with a view to encouraging thrift and offsetting the spread of old age pensions.

If the approach is to be from the social angle, then let it be so. But that involves a rational study of the larger problem of old age dependency. At the present time the annuities are bought very largely by wealthy men who do not need a government subsidy for their thrift but who know a bargain when they see it. And there is no evidence that the annuities have in any way helped to stem the growth of old age pensions.

Mr. Bennett once proposed a scheme of contributory old age pensions. At the present time we have two things quite different from such a plan. We have a scheme of government annuities which is run on unsound actuarial lines and which is not skimming the surface of the problem of old age dependency. And we have a scheme of old age pensions under which no contribution is asked, during earning years, of those who later receive their payments from the taxpayers. Either taken together or taken separately the two schemes do not make sense.

* * *

Playing Fair Would Be Good Business

CANADA'S magazines and periodicals represent three things.

They are the contemporary literature of the nation and a primary means of adult education in matters of national development.

Their editorial and advertising pages are channels of commercial and business news.

Their production itself constitutes a great industry.

From all three standpoints they are worthy of the fair treatment they are now asking of Ottawa. The Financial Post has repeatedly stated the case for developing our own national literature and for giving the advertising of Canadian products an even break with the advertising of foreign products in this market. Less has been said of the contribution of periodical publishing to employment.

About one-fifth of the expenditure made by national magazines in Canada is for paper. This is their chief raw material.

They take this paper, process it, give employment to writers, artists, editors, printers, salesmen and office help, and purchase supplies such as engravings, ink, etc., to an amount four times the value of the paper.

For every $1 spent on paper, $4 is spent in Canada on giving employment to workmen in the proportion of about three employees in the publisher's plant itself and one

(Continued on page 2, col. 4)

$4.49 a Share For McIntyre; Grade Lower

Financial Position of Porcupine Producer Best in Its History

Earnings of about $4.49 per share, as compared with $4.63 in the 1935 fiscal year, are shown in the annual report of McIntyre Porcupine Mines for the fiscal year ended March 31, 1936.

Estimated and broken ore reserves at the end of the period totalled 3,574,720 tons, averaging .312 ounces per ton, or having a total value of $38,909,850 with gold at $35 per ounce.

During the year, deeper mining and the opening up of old areas for re-examination and further development, so that full advantage might be taken of higher gold prices added the unit costs. The average grade of ore treated was somewhat lower than in the previous year.

Offsetting slightly decreased earnings, due to this lower grade, the market value of the company's investments increased substantially, and the company's financial position showed greater improvement during the year than in any previous period.

R. J. Ennis, general manager, reports that in the 1936 fiscal year, some 57 properties were sampled and favorable recommendations made on six. Drilling on the Chibougamau properties did not confirm surface samplings and the options were allowed to lapse.

Highlights

"Beat Taschereau"

Quebec opposition of Liberals, Conservatives and Independents unite against government in bitter political campaign. Page 13

Argentine Wheat

South American republic to spend $28 millions on new terminals and country elevators. May end Argentine policy of dumping. Page 11

Construction Stocks

Deferred demand for building materials and durable goods may have important investment significance over next five years. Page 24

MacLeod-Cockshutt "Profits"

Joseph Errington's 350,000 shares are still in his safe, he says, denying reports of a $1 million profit. Page 23

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Have Identified Pamphlet Writer

From Our Own Correspondent

OTTAWA.—While the author of the anonymous anti-Dunning pamphlet, now in circulation, may never be publicly known, investigations exonerate any member of parliament or group of members from the authorship.

It is now fairly well known that the author of the pamphlet is a Montrealer with a well-known penchant for this kind of writing. He has been in trouble before over printing libels. No action is being considered here.

MEMORIES OF 1912

Two workmen, pressing heavily on steel crow-bars, split open the cornerstone of the Toronto Stock Exchange building on Bay Street, Toronto, last week, and while exchange officials looked on, brought to light a copper metal box.

Amid the debris of the building, being demolished to make way for a new and larger exchange, the copper box was passed from hand to hand. Hermetically sealed, it looked exactly the same as it did on September 26, 1912, when it was ceremoniously placed inside the cornerstone of the then new and imposing stock exchange structure.

Chisel blows along the edge loosened the top of the container, revealed its contents as a quart glass bottle. Papers lay inside with photographs of the exchange building, retiring President F. H. Brouse (1912) and President-elect F. Gordon Osler (1912) of the stock exchange.

Souvenirs of 1912

Other souvenirs were copies of the exchange's incorporation papers, by-laws, an exchange quotation sheet of September, 1912, newspapers, a 1912 five cent piece and a 1904 cent, removed from the bottle by 1936 President of the Exchange Gordon W. Nicholson (shown above).

Scanning the quotation list, exchange officials marvelled at the changes in security values since 1912. Dome sold at $16—just another gold mine—and it is now around $58, while Brazilian Traction, blue chip of the conservative investment field in 1912 was quoted at $95.25. The price is now about $13. National Steel Car at $33 was among the few to show relatively little net change in 24 years.

Prominent brokers, members of the exchange who saw the cornerstone laid in 1912 were on hand. They included Col. George Mitchell, George W. Blaikie, R. R. Bongard, Col F. H. Deacon. Contents of the cornerstone, with future relics of 1936 are scheduled to go into the cornerstone of the new building which will house the now merged Toronto Stock Exchange and former Standard Stock and Mining Exchange, on the same site.

Montreal South Defaults; Commission to Take Over

From Our Own Correspondent

MONTREAL.—Town of Montreal South, having defaulted in payment of bond principal and interest, will be declared a "defaulting" municipality by the Quebec Municipal Commission, which has taken over financial control of the municipality.

Notice to this effect is published in the Quebec Official Gazette, it being stated that the petition to declare Montreal South a municipality in default will be filed with the judge of the Superior Court of Montreal on June 2.

Gov't Annuity System Shows Grave Errors

Federal Actuary Indicts Operation With Glaring Discrepancies

FUTURE UNCERTAIN

From Our Own Correspondent

OTTAWA.—On two counts the Dominion annuity scheme has been badly damaged by evidence taken by the Senate committee of enquiry and if it were not for special circumstances presently existing, radical amendments in this statute to boost rates to annuitants 25 per cent and to change, completely, the government system of administration would be certain.

In changing rates, of course, it is recognized that present annuitants hold contracts with the government which cannot be varied. Changes would apply on new business.

The special circumstances operating in favor of the continuation of the policy are that it was organized in the Labor Department during the Mackenzie King régime 1908-11 and has always been warmly supported by him; the second is that it has heretofore been reported as a policy which can be justified on humane, social grounds.

Two Major Indictments

The two facts which have tended, decidedly, to shake confidence of legislators in the existing annuities scheme are these:

(1) The government system has been operating on mortality tables based upon annuities experience in Great Britain in the 30 years 1863-93. The life span has lengthened considerably since that time and, it is suggested, there ought to have been a corresponding increase in premiums to cover this greater risk.

(2) The government has never administered the annuities in a business-like manner, setting up a special fund and paying interest on the capital sums collected from annuity purchasers. Premiums have been used to defray annual expenditures and the balance has been treated as ordinary revenue.

Actuary's Report

These facts emerged from evidence given to the Senate committee last week by A. D. Watson, chief actuary of the Insurance Branch of the Department of Finance. Before coming to a decision, the committee will call and hear other actuaries but it seems unlikely that the basic charge now standing against the government annuity system—that it is unsound both in principle and administration—can be answered.

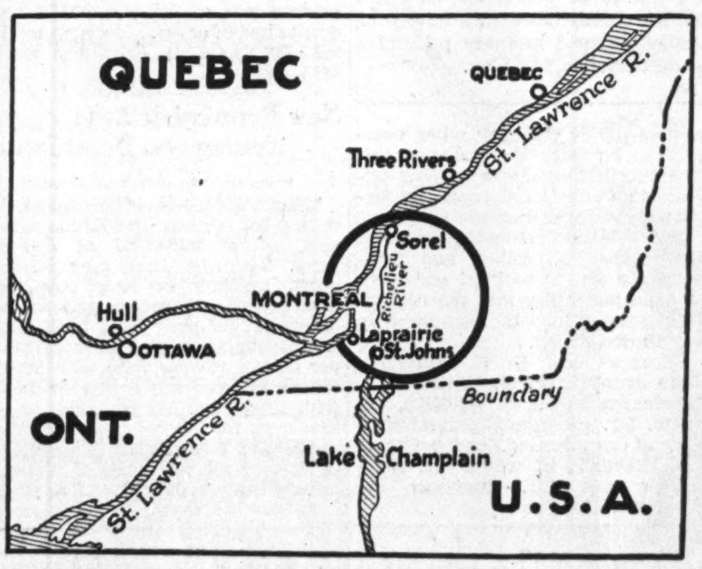
Mr. Watson estimated that a 25 per cent increase in rates would be necessary to make the system self-sustaining; to relieve the treasury from loss. He pointed out that the chief purpose in founding the scheme, back in 1908, had not been realized. At that time the drive for old age pensions was beginning and the government of the day believed that a government annuity policy might head it off. The thing to do was to make annuities available to the public at cost and thereafter to hold individuals responsible if they failed to take advantage of it and reached old age without sufficient money to take care of themselves.

Despite the annuity system, launched in 1908, the drive for old age pensions continued and succeeded in 1926. In the ten years which have since passed, many more elderly persons have cashed in on the old age pension policy than have sought to look after themselves through purchase of annuities. Since the inception of the annuity scheme 29,093 policies have been sold.

Money Not Invested

Mr. Watson pointed out that the money paid in by purchasers of annuities has never been invested. Last year, for example, after paying all annuities in force, there was a

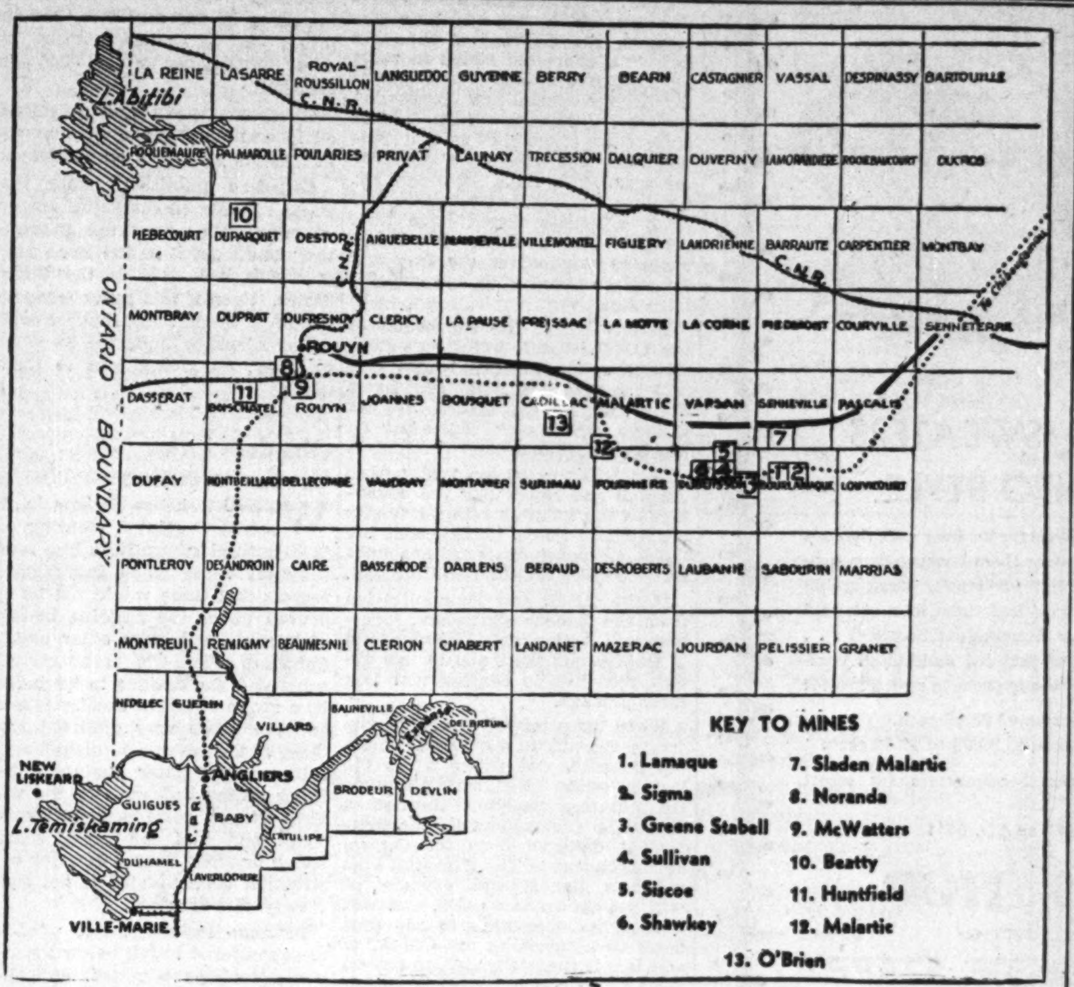
(Continued on page 2, col. 6)



MONTREAL-NEW YORK CANAL

Proposals for a canal to link Lake Champlain with the St. Lawrence River, by which a direct inland waterway would be established between Montreal and New York, via the Albany River, are being advanced at Ottawa. The project favored is to use the Richelieu River from Lake Champlain to the St. Lawrence, which is paralleled a part of the distance by an old canal which it is proposed to deepen, widen and modernize, and to dredge those sections of the river where the old canal does not exist.

Other proposals involve a 12-foot deep canal from Lake Champlain to Lake St. Louis, west of Montreal on the St. Lawrence, the building of a canal from St. Johns on the Richelieu River to Laprairie, a few miles west of Montreal, and a fourth to build a canal from Chambly, north of St. Johns on the Richelieu, to Laprairie. Lake Champlain, it is noted, is almost entirely in United States territory.



SCENE OF BITTER RAIL DISPUTE

Following application of the C.P.R. for a charter to construct a line through Quebec gold fields to Lake Chibougamau, the Canadian National Railways has announced its intention of circumventing this move by construction of an extension from the transcontinental line, from Senneterre to Rouyn. No mention is made by the C.N.R. of a line into Lake Chibougamau, where Consolidated Mining & Smelting Co., controlled by the C.P.R., is developing an interesting group.

The map above shows the various routes involved in the discussion identified as follows:

——— Proposed C.N.R. line
● ● ● Proposed C.P.R. line
+++ Existing lines

American Businessmen Look Ahead Confidently

See Roosevelt Re-elected With Reduced Following

By JOHN E. LANGDON

NEW YORK. — Re-election of President Franklin D. Roosevelt; further social legislation; no immediate danger of currency inflation or dollar devaluation; further improvement in business and a stronger stock and bond market are anticipated in the United States over the months immediately ahead by businessmen, bankers, economists and others who have given thought to the political and economic situation.

Financial and business interests continue outspoken in their criticism of the present administration and its policies. Undoubtedly they have been unsettling, but conditions have improved substantially and along Wall Street credit is given to natural developments helped by sound business principles rather than the "theories" of the government advisers.

Lukewarm to Politics

The coming presidential election is a matter of less widespread interest than might be expected, business having become reconciled to the accepted fact that Roosevelt will be re-elected, though with less support in Congress than has been the case heretofore. Further it is thought that with business improving steadily, Roosevelt will be inclined to moderate his "experiments" during his second term of office. This belief is backed up by recent Supreme Court decisions on the unconstitutional character of certain recent important legislation, coupled with the repeated failures in economic planning by the federal government.

Unemployed Serious Problem

However, one of the most prominent investment counsel firms in New York expresses its views on the political situation as follows:

"The large number of people still unemployed constitutes the most serious economic and social problem confronting the country, and by its nature constitutes the most important political issue as well. Therefore, it seems probable that campaign speeches for the next several months by Democratic candidates will be unfriendly in tone toward business and capital. However, checks with business executives in various parts of the country indicate that their interest is centred primarily on increased production because they see profits ahead. As a rule, they are no longer seriously concerned about election results or political uncertainties."

This view undoubtedly prevails among the majority, but there is a small but important section of "Big Business" which believes firmly that Roosevelt will continue to carry on with his social legislation.

See More Socialism

The head of one large financial institution in speaking to The Financial Post on this subject said:

"Many of our industrialists and financiers do not fully realize Roosevelt's determination to further his socialistic programme. While the Supreme Court has ruled out some of his legislation, other acts will be passed to conform with the constitution. The trend of legislation in this country is definitely socialistic. We like to think that the present administration is radical, but countries such as England, France, Italy, Germany and others have gone much farther along the road of Socialism than we have. In the past our legislation has favored the individual, but in the future it will favor the state."

No Nearby Inflation Danger

To date the Roosevelt policies have involved the country in enormous expenditures. The dollar already has been devalued to about 60 per cent of its former value, and, with the plans in mind, expectation is that the federal government will undertake further inflation through the issuance of additional currency or again devaluating the dollar.

The views of financiers and bankers on currency inflation or further devaluation of the dollar are much the same; no nearby danger of such developments resulting from present unbalanced position of the federal budget. There is strong faith in the credit of the United States government and that the government will continue to be able, for as long as may be necessary, to finance its excess expenditures by the sale of government bonds.

Business Moves Ahead

The lack of concern over the political outlook and further adjust-

(Continued on page 2, col. 3)

Bonus Planned To Create Jobs

From Our Own Correspondent

OTTAWA. — The National Employment Commission has been allotted office space and will get down to work early next week.

The chairman, Arthur B. Purvis, has already been busy in laying plans for the activities of the commission, but no decisions will be made until the members reach Ottawa and the organization proceedings have been completed.

One of the first tasks to be undertaken by the commission, it is understood, will be to develop the apprenticeship policy, whereby the government will pay a small bonus to industries to take on young men presently out of work.

Walker Sells Distillery Used Awhile in Peoria

Hiram Walker-Gooderham & Worts, Ltd., has sold to Peoria Distillers, Inc., the Peoria distillery which was operated by Hiram Walker & Sons from November, 1933, to June, 1934, during construction of the modern distillery now in full swing. Land, buildings and practically all of the equipment operated in this distillery were sold Price is not stated.

Under Walker management the plant for 6½ months produced an average of more than 100 barrels of rye and Bourbon whisky a day. The new firm has sold stock and is using the proceeds to expand the plant production to 200 barrels daily and to provide warehousing.

OPTION STARTED AT 35 CTS.

In an article dealing with stock options held by Joseph Errington on MacLeod Cockshutt Gold Mines shares, appearing on this page of last week's issue of The Financial Post, the price of the first block of stock should have been 35 cents per share.

The context of the article, which showed the average price of the options to be about 47 cents per share, was, of course, correct and the typographical error was probably noticed by most Post readers.

Regret Move Of Australia

But Canadian Trade May Not Feel Effect of New Tariff

From Our Own Correspondent

OTTAWA.—While Canada's export trade does not appear to be injured by the recent increases in the Australian tariff, there is general regret at Ottawa over the fact that the Australian government has seen fit to pursue further the policy of economic nationalism. Australia is the first British country to adopt the system of import by license.

The reports emanating from Ottawa that negotiations between Canada and Australia for a renewal of the trade treaty entered into in 1932 are to begin in the near future are untrue. Hon. W. D. Euler does not plan to go to London to discuss a new treaty with Dr. Earle Page, member of the Australian government. Mr. Page is leaving almost immediately for home.

Negotiations for the renewal of the Ottawa treaties will be launched in due course by the Ottawa government. It is believed that separate negotiations will be carried on with the other governments of the Empire and that most of the work can be done through existing diplomatic and governmental channels.

Week's Figures Reveal Gains

Most business factors made a highly satisfactory showing in April, according to figures released during the past week. The Financial Post business index made the first gain in three months and is now 8.7 per cent above corresponding figures for 1935.

Summary data appear below while complete reports will be found on page 7.

Monthly	April	—Change— From prev. period	From prev. year
Pig iron prod., tons	54,045	—1	+24
Steel ingots, tons	107,220	+6	+57
Elec. pwr. output	*2,163,717	+1	+15
Bank debits	*2,773,756	+6	+17
Wool imp., lb.	1,669,928	—56	—10
Raw cotton imp., lb.	7,122,912	—47	—19
Cotton yarn imp., lb.	340,924	—30	—15
Auto. prod., No.	24,951	+38	+3
Petroleum imp., gal.	54,142,896	—16	+34
Crude rubber imp. lb.	2,411,012	—40	+1
Elec. power prod.	†2,163,717	+1	+15
Weekly:			
Car loadings, No.	44,928	—4	+3
Cattle sales, No.	15,738	+5	+31
Hog sales, No.	15,628	—17	+9

* 000's omitted. † 000 kw.h.

Price Bros.' Petition Delayed Another Week

From Our Own Correspondent

MONTREAL.—For the third time presentation of a petition by the trustee of Price Bros. and Co., asking if a contrary vote by one creditor can block reorganization plans already approved by shareholders, has been delayed by the Court until the end of this week.

Saguenay Power Co. and Pacona Ltd. are making a written brief as to the reasons why the former, as the second largest creditor, voted against the plan. The delays have been asked by lawyers for the power company.

Potent Forces Tangling Over Rail Building

Traffic Control of Quebec Mineral Area Seen at Stake

PAST RE-LIVES

What promises to be one of the bitterest fights ever waged between Quebec and Ontario interests is gathering around the application of the Canadian Pacific Railways for a charter to build a line from Angliers to Rouyn, and through the Quebec gold belt to Lake Chibougamau.

The dispute has not been made less bitter by the action of the C.N.R. in announcing plans for its own line into the field.

It is a dispute with many angles, any one of which is capable of becoming a sizable weapon if wielded properly.

Most important angle of all involves the fiscal "control" of the Quebec mining fields, and the ever growing amount of traffic entering the area. At the present time most of this traffic enters the Quebec field via the C.N.R. from Toronto to North Bay, and via the Temiskaming and Northern Ontario, and its subsidiary, the Nipissing Central, through Kirkland Lake. The route from Quebec, over C.N.R. lines, is a roundabout one, and is utilized only by those entering the field from the east.

With this set-up, it is obvious that Ontario and Toronto have the upper hand, as the gateway not only to Ontario's mining north, but to the rapidly growing Quebec field also. As will be seen from the map shown above, the C.P.R.'s proposed line, The Temiskamingue & Abitibi Railway, passes through an area in which are many important and potentially important mining properties. The application also asks the right to carry the line from Senneterre northeast to Lake Chibougamau.

It is not known yet whether the master stroke of the C.N.R., in announcing that it would run a branch line from Senneterre, through the gold area and west to Rouyn will end the dispute or not. Obviously such a move would not give the C.P.R. its main objective, namely, a line into the Chibougamau field. Officials of the C.P.R., interviewed by The Financial Post, declined to comment on this latest move of their rival.

The line into Chibougamau, from a mining standpoint, supplies the most interesting feature of the argument. For years, efforts have been made by interested mining companies to have a line built into this large, low grade copper-gold country. Absence of transportation has undoubtedly retarded development. For many years prior to the entry of Consolidated Mining & Smelting Co. into the picture, the area has been kept in the mining spotlight only by the roseate faith of promoters.

C.P.R. and Smelters

The C.P.R. holds approximately 51 per cent of the outstanding stock of Consolidated Mining & Smelting Co., whose interests are by far the most advanced in the Chibougamau field. So that this railway has a very real stake in the development of the area.

The suggestion has been made that the inclusion of the Chibougamau extension in the application was only for the purpose of arousing the enthusiasm of the mining industry and that the real objective of the C.P.R. was to gain a share of the traffic into the area south of the C.N.R. transcontinental line. Most informed observers, however, reverse this thought and believe that the Chibougamau field is the real goal of the project and that the traffic south of the C.N.R. transcontinental was only secondary issue.

The basis of the dispute has its roots in the days before the rich nickel copper deposits of the Sudbury district were opened up. It was the C.P.R.'s line which was largely responsible for opening up the Sudbury and Copper Cliff districts in Ontario.

D. C. Coleman, vice-president of the C.P.R., commenting on this fact, has pointed out that it was only after the Sudbury deposits had shown their possibilities, that other lines, with government aid, were

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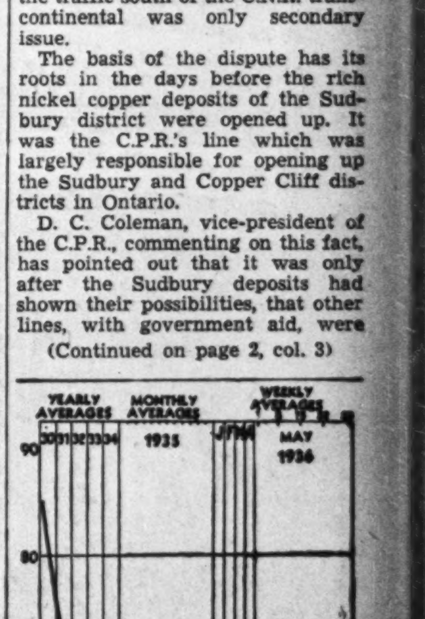

Wholesale commodity prices declined fractionally to 71.8 in the week ended May 22 from 71.9 in the previous week, according to the index compiled by the Dominion Bureau of Statistics.